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NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

THESIS

GLOBALIZATION, POLANYI AND THE CHINESE YUAN

by

David A. Weas

December 2007

Thesis Co-Advisors: Robert Looney
Robert McNab

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In 2005, China, seemingly in response to pressure from the international community, moved the Chinese Yuan from a hard peg against the U.S. Dollar to a valuation scheme against a basket of international currencies. Whether the revaluation of the Yuan was in response to U.S. domestic pressure rising from the increasing U.S.-Chinese trade deficit, manufacturing migration, rising concerns about globalization, is open to debate. This thesis examines the 2003 United States – China Economic and Security Review Commission (USCC), international organizations, U.S. trade law, and technologic applications within the context of globalization to provide an alternate understanding of why the perceived pressure to revalue the Yuan was so quickly and vigorously pursued.

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GLOBALIZATION, POLANYI, AND THE CHINESE YUAN

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Submitted in partial fulfillment of the
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from the

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ABSTRACT

In 2005, China, seemingly in response to pressure from the international community, moved the Chinese Yuan from a hard peg against the U.S. Dollar to a valuation scheme against a basket of international currencies. Whether the revaluation of the Yuan was in response to U.S. domestic pressure rising from the increasing U.S.-Chinese trade deficit, manufacturing migration, rising concerns about globalization, is open to debate. This thesis examines the 2003 United States – China Economic and Security Review Commission (USCC), international organizations, U.S. trade law, and technologic applications within the context of globalization to provide an alternate understanding of why the perceived pressure to revalue the Yuan was so quickly and vigorously pursued.

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I. INTRODUCTION

A. PURPOSE

The purpose of this thesis is to add to the extensive globalization literature. As such, this thesis will study the 2003 United States-China Economic and Security Review Commission (USCC) hearings to learn how and why perceived pressure to revalue the Chinese Yuan was vigorously generated. This thesis seeks to suggest that encompassing the U.S. focus on problematic Chinese economic policy and market imbalances lays key dynamics of globalization.[1] Based on the USCC hearings and recommendations, Polanyi's double movement[2] seem to be identifiable within these dynamics of globalization as the cyclic characteristic of these movements appear to be coming full circle.

Figure 1, a dynamic framework based on Michael Goodhart's definition of globalization, appears to be present within the commission's hearings. This thesis will suggest that the macro-effects of market integration defined as expansion or growth of markets, rates of expansion,

---

[1] Michael Goodhart, "Democracy, Globalization, and the Problem of the State," *Polity* 33, no. 4 (Summer 2001), 527-546, http://links.jstor.org/sici?sici=0032-3497%28200122%2933%3A4%3C527%3ADGATPO%3E2.0.CO%3B2-4, 529, 530 (accessed March 15, 2007). Globalization as it will be utilized in this thesis incorporates market integration, technological advancement, expanding power of Transnational Corporations (TNC), declining policy and regulatory role of the state, internationalization of regulatory capacity, and advent of hyper-modernity as categories of globalization. This is six of seven definitive points of Michael Goodhart's definition of globalization. The last point is irrelevant as it concerns this thesis.

[2] K. Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time*, Third ed. Beacon Press, 2001).

capital flows, manufacturing migration, and job flows or displacements are acting on the manufacturing and labor sector. These mechanisms are generating a “second movement” or action of society to defend itself. As such, the problematic Chinese economic policies and U.S. fiscal policies, in effect, may be amplifying these counter-movements by increasing the speed or rate of market integration, expansion, growth, and dislocations. Therefore, reluctance of the current administration to intervene to correct or offset imbalances or unfair Chinese economic practices could represent a move closer to the self-regulating market (SRM) or pure *laissez-faire* described by Polanyi that was so destructive to society during the Industrial Revolution.[3] Therefore, the gist of this argument is that unrestrained globalization is nothing more than merely an unrestrained self-regulating market. As well, if left unrestrained the United States may see similar social characteristics seen within the Industrial Revolution time period.

[3] Goodhart, 35-44.

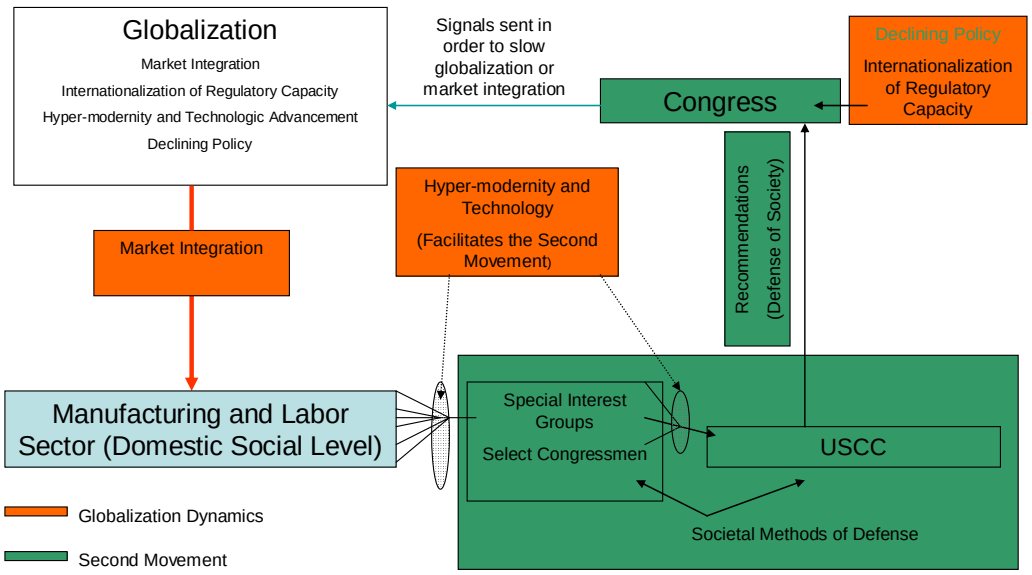

Figure 1. Globalization, Polanyi and the Yuan

This thesis seeks to answer the question, why did trade protectionism within Congress seem to peak against China within three years of WTO acceptance? Subsequently, if the undervaluation of the Yuan, which was targeted by the USCC as a significant issue, was the predominant second-movement motivator then the congressional and SIG perceptual pressure from manufacturing and labor should subside as the Yuan moves into line with market expectations. However, if globalization with China or in other words, a move toward a more *laissez-faire* market, created the nexus for a perceptual pressure rise or counter movement then SIGs, Congress and the USCC will likely see similar events as

these forces, if left unchecked, continue to exert, facilitate and accelerate pressure on the U.S. manufacturing and labor force.

B. LITERARY REVIEW

This thesis will view policy from three levels or options similar to the level of analysis put forth by international relation theorists. Level 1 is state-centric realism that seems to rest within the boundaries of state to state coercion.[4] These types of responses or signals seem to be abrasive and tend to cause friction; however, they may produce quick, short-term effects. Level 2 is a step down to a liberal viewpoint that utilizes international organizations, NGOs, and transnational organizations. Finally, Level 3 is at the individual, social and domestic political level.

1. Level 1, State Centric Realism

Academics such as Waltz[5] and Mearsheimer[6] foster insights that nations act as rational individuals in a world of anarchy. Or in other words, states are individuals acting rationally in their own best interests. As well, “realists

---

[4] G. John Ikenberry, David A. Lake and Michael Mastanduno, "Introduction: Approaches to Explaining American Foreign Economic Policy," *International Organization* 42, no. 1, The State and American Foreign Economic Policy (Winter 1988), 1-14, http://links.jstor.org/sici?sici=0020-8183%28198824%2942%3A1%3C1%3AIATEAF%3E2.0.CO%3B2-7, 5 (accessed August 18, 2007).

[5] Kenneth Waltz, *Theory of International Politics* (United States of America: McGraw-Hill, 1979).

see less cooperation in world politics than do neoliberal[s].”[7] States exhibit individual characteristics, rationally discern best actions to maximize outcomes, strive to maintain independent freedoms, and cherish their autonomies. State leaders’ choices are somewhat based on security interests, economic interests, and wealth of states within the system and are usually aimed to maximize relative power. Although the social level is generally acknowledged it is usually discounted,[8] though in some cases, the social level can “constrain the efficiency of leaders’ responses to systemic imperatives”[9] thereby diminishing state autonomy.

Most realists and neo-realist regard globalization as subservient to the state.[10] The world system is still driven by economic and military relative gains where states are the primary actors. International economic organizations, international corporations, and markets continue to remain under state control. Most neo-realists would argue that globalization is challenging state sovereignty; although,

---

[6] John J. Mearsheimer, "A Realist Reply," *International Security* 20, no. 1 (Summer 1995), 82-93, http://links.jstor.org/sici?sici=0162-2889%28199522%2920%3A1%3C82%3AARR%3E2.0.CO%3B2-5, 82-93 (accessed August 18, 2007).

[7] Robert Jervis, "Realism, Neoliberalism, and Cooperation: Understanding the Debate," *International Security* 24, no. 1 (Summer 1999), 42-63, http://links.jstor.org/sici?sici=0162-2889%28199922%2924%3A1%3C42%3ARNACUT%3E2.0.CO%3B2-6, 44 (accessed August 18, 2007).

[8] Ikenberry, Lake and Mastanduno, 1-14, 5.

[9] Jeffrey W. Taliaferro, "Security Seeking under Anarchy: Defensive Realism Revisited," *International Security* 25, no. 3 (Winter 2000), 128-161, http://links.jstor.org/sici?sici=0162-2889%28200024%2F200124%2925%3A3%3C128%3ASSUADR%3E2.0.CO%3B2-R, 143 (accessed April 12, 2007).

[10] Steven L. Lamy, *The Globalization of World Politics an Introduction to International Relations*, eds. John Baylis and Steve Smith (Oxford New York: Oxford University Press, 2001), 194.

states still remain in control.[11] On the other hand, the state-centric realist would tend to argue that globalization is well within state domination.[12]

Examples of this systemic view can be seen in U.S. foreign policy towards China. One example is the U.S. protest to China's sales of Silkworm missiles to Iran in 1987. The United States responded by stopping military sales to China.[13] China promptly stopped the missile shipments and U.S. military sales resumed. However, sales were again halted after the incident in Tiananmen Square in July of 1989. Additionally, the Tiananmen Square incident focused the Democratic dominated Congress's attention on the U.S. most-favored-nation (MFN) status of Chinese imports. Since 1980, Chinese exports had enjoyed MFN treatment. However, because China was a communist country, a presidential recommendation was required by law each year to continue the MFN treatment. As such, a human rights oriented Congress could reject the President's recommendation for MFN status, especially in the shadow of Tiananmen Square. Hence, the 1990 Congress and subsequent congresses have not rejected the President's recommendation. In 1994, President Clinton coercively attempted to attach human rights conditions to the MFN status, although, this attempt lacked credibility in

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[11] Lamy.

[12] Kenneth Waltz, "Globalization and American Power," The National Interests, http://findarticles.com/p/articles/mi_m2751/is_2000_Spring/ai_61299041 (accessed April 20, 2007), 46-56.

[13] Warren I. Cohen, *America's Response to China: A History of Sino-American Relations*, Fourth ed. (New York: Columbia University Press, 2000), 270, 212.

the eyes of the Chinese and rightfully so. The administration failed to follow through on the conditional enforcement.[14]

In summary, the realist point of view contends that states are individualistic and act on the world stage in their own best interests in a system of anarchy. States seek economic and military resources to maintain or add to relative power. As well, the governments try to maintain autonomy so as to wheel power freely within the world system.

2. Level 2, Liberalism International and TNOs

Level 2, liberalism, looks to international organizations and cooperation to bring resolve to issues within transnational organizations such as The World Trade Organization, World Bank, or other types of transnational world organizations. These types of approaches to policy or issues usually produce results that are somewhat longer-term solutions and usually take a longer period of time to resolve than coercive solutions. The debates between countries may contain heated disagreements but usually solutions tend to be less abrasive than the state centric view of Level 1 policy options.

Liberalism agrees with realism on some fundamental planes. The anarchical state of the world arena contributes to the distrusts between states that pose obstacles for cooperation and prevent peace.[15] Liberalism posits that

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[14] Cohen, 230-231.

[15] Paul R. Viotti and Mark V. Kauppi, *International Relations Theory Realism, Pluralism, Globalism* (New York, NY: Macmillan Publishing Company, 1987), 195.

"fundamental actors in international politics are individuals, private groups, and institutions who are on the average rational and risk-averse"[16] and promote their interests based on wealth, values, and influence.[17] Additionally, states are represented by the underlying organizations and institutions by which social power is "translated into state policy."[18] States are not unitary actors; but, they interact on differing levels though complex transnational networks. The state's position is the protector of rights, laws and property. As such, with the increase in transnational and transgovernmental organizations in recent years these organizations have developed to a point in which the underlying networks are viewed as an erosion of state power. [19] Additionally, liberalism does not posit state autonomy and state individualism.

Globalization aligns more easily with liberalism than realism. The basic foundations of interaction and integration of markets and economies within the context of globalization supports the liberal view that states are not unitary actors. Globalization and liberalism posit that states act on differing levels through transnational networks.

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[16] Andrew Moravcsik, "Taking Preferences Seriously: A Liberal Theory of International Politics: Erratum," *International Organization* 52, no. 1 (Winter 1998), 229, http://links.jstor.org/sici?sici=0020-8183%28199824%2952%3A1%3C229%3ATPSALT%3E2.0.CO%3B2-2, 516 (accessed August 18, 2007).

[17] Ibid.

[18] Ibid., 518.

[19] Georg Sorensen, *Transformation of the State Beyond the Myth of Retreat* (New York, NY: Palgrave MacMillan, 2004), 17.

One example of this view of policy was demonstrated in 2002 leading up to the outcry from the United States for China to revalue its currency. In an attempt to persuade China to revalue its currency, U.S. leaders employed a level 2 policy or signal by issuing strong demands to the Chinese government through the G7 and APEC international forums.[20]

3. Level 3, Domestic Policy and the Social Level

Another step down, Level 3, is domestic policy directed at the social or individual level. Accordingly, this view is a more intricate view of liberalism. These tend to be long term policies with long term effects. Ikenberry et al., writes that "Lake, Goldstein, and Ikenberry demonstrate state actors and institutions can play a critical role in shaping the manner and extent to which social forces can exert influence on foreign economic policy."[21]

Domestic educational policies highlight the practical success of "social policy at a macro-social level."[22] In the mid-1950s, the South Korean government began an active policy fostering the educational foundations of its country; consequently, the South Korean government now sees education ingrained within the fundamental core of its

---

[20] Tomoyuki Nakagawa, "Internationalization of the Reminbi (Yuan) and its Impact on East Asia," Institute for International Policy Studies, http://www.iips.org/bp302e.pdf (accessed April 18, 2007), 4.

[21] Ikenberry, Lake and Mastanduno, 1-14, 8.

[22] Santosh Mehrotra, "Education for all: Policy Lessons from High-Achieving Countries," *International Review of Education / Internationale Zeitschrift für Erziehungswissenschaft / Revue Internationale de l'Education* 44, no. 5/6 (1998), 461-484, http://links.jstor.org/sici?sici=0020-8566%281998%2944%3A5%2F6%3C461%3AEFAPLF%3E2.0.CO%3B2-Q, 462 (accessed May 11, 2007).

competitiveness.[23] Green et al. demonstrated a level 3 policy success within South Korea, Taiwan, and Singaporean educational policy.[24] Green et al., presented Table 1[25] and suggested that domestic policy increased the average years of schooling for society over the age of fifteen. In 1960, the Korean average was 4.5 years and grew to 9.9 years by 1990.

Table 1. Schooling Attained by Population Over Fifteen Years of Age

Average Years of Schooling Attained by the Population Over Fifteen

	1960	1970	1980	1990
Latin America and the Caribbean	3.26	3.82	4.46	5.24
Mid-east and North Africa	1.22	2.05	3.26	4.47
Sub-Saharan Africa	1.73	2.06	2.34	2.93
South Asia	1.51	2.03	2.97	3.85
OECD	7.05	7.58	8.76	9.02
Hong Kong	5.17	6.31	7.95	9.15
Singapore	4.33	5.09	5.53	5.89
South Korea	4.25	4.91	7.91	9.94
Taiwan	3.87	5.31	7.61	7.98

Source: Barro and Lee (1996); and the Barro–Lee human capital data set, at http://www.worldbank.org/html/prdmg/grthweb/growth_t.htm

An example of available U.S. level 3 policies dealing with globalization is the long term recommendations proposed by the U.S.-China Economic and Security Review Commission (USCC). The USCC makes recommendations to Congress once a year dealing with problematic issues of today and likely problems of tomorrow when dealing with China. To aid in

[23] Francis Green and others, "The Role of the State in Skill Formation: Evidence from the Republic of Korea, Singapore, and Taiwan," *Oxford Review of Economic Policy* 15, no. 1 (Spring 1999), 82, http://proquest.umi.com/pqdweb?did=405670971&Fmt=7&clientId=65345&RQT=309&VName=PQD, 83 (accessed May 12, 2007).

[24] Ibid., 82-95.

[25] Ibid., 84.

offsetting the growing technology dilemma[26] between the United States and China the USCC recommended improvement in U.S. education[27] due to increased competitive pressures. This domestic policy recommendation is a direct targeting of the social level to aid in offsetting future economic shortfalls in technology.

4. "Habitation versus Improvement[28] and Movements"

In 1944, Karl Polanyi published *The Great Transformation*.[29] Within his chapter "Habitation versus Improvement"[30] he identified many key factors that explained the dislocation of large numbers of unsuspecting English workers through the technological changes of the Industrial Revolution. He criticized the underlying philosophical theory of economic liberalism and laid at its feet credit for the miserable state of social condition on which its nonchalant reckless attitude toward change had created. As well, he poignantly describes its readiness to accept the societal consequences of economic improvement as liberalism banked the unsubstantiated healing effects of growth with little regard for the societal condition. Finally, liberalism concluded by misinterpreting the social condition by viewing it with a strictly economic lens.

---

[26] Technology dilemma defined in this thesis is China's ability to decrease the technology lead of the United States.

[27] *2005 Report to Congress of the U.S.-China Economic and Security Review Commission* (Washington, D.C.: U.S. Government Printing Office, [2005]), http://www.uscc.gov/annual_report/2005/annual_report_full_05.pdf (accessed October 26, 2006), 16.

[28] Polanyi, 35.

[29] Ibid.

[30] Ibid., 35-58.

Through England's enclosure period and the Industrial Revolution, Polanyi identifies the rate of change as a key factor in the dislocation of workers and their reactions. The acceptable rates of change depended on the ability of deposed workers to adjust to changes thrust upon the community or society. England was successful in traversing the Enclosure period by successfully slowing down growth or economic improvement to socially acceptable levels.[31]

However, the Industrial Revolution was not so kind to English society as the social condition was portrayed by most period writers as a "veritable abyss of human degradation."[32] Polanyi suggests that the Industrial Revolution can be defined as the establishment of the self-regulating market. He suggests that social upheaval or dislocation descended upon England through the guises of self-regulating economic improvement that ran rampant. As well, civilization struggled through much of the 19th century in attempts to protect society from this *laissez-faire* mechanism. As examples, Polanyi offers many of the social programs established during and after the Great Depression.

Polanyi's double movement is portrayed as a struggle between forces opening society to the harshness of an unregulated markets and societies' protection of itself. The first movement, based on economic liberal institutions, expands markets or aims at establishing self-regulating markets with little regard for social dislocations. The first movement's methods utilized support from the trading

[31] Polanyi, 40.

[32] Ibid., 41.

class, laissez-faire, and free trade. The resulting societal displacements, the second movement, used “protective legislation, associations, and other instruments of intervention as its methods”[33] to protect society.

5. The Yuan and Chinese Imbalances

The USCC hearings conducted in late 2003 were presented to Congress in 2004. The key findings identified the U.S.-China trade deficit as a major concern contributing to the erosion of U.S. manufacturing as well as adversely affecting other sectors.[34] Under the auspices of WTO commitments, currency manipulation was identified first, as an area of concern followed by subsidies, technical and safety standards to exclude U.S. products, intellectual property rights, and discriminatory tax treatment. Hence, the USCC recommendations to Congress suggested action on the Yuan issue, action to investigate Chinese subsides, and urged the U.S. administration to utilize WTO mechanisms to address the Yuan valuation issue. Although, other key findings and recommendations were put forth, those issues focused predominately on security rather than economics.

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[33] Polanyi, 138-139.

[34] "2004 Annual Report Recommendations," U.S.-China Economic and Security Review Commission, http://www.uscc.gov/annual_report/recommendations/04_website_recommendations.pdf (accessed June 2, 2007).

The 2006 recommendations[35] and 2007 hearings[36] seemed to shift away from the Chinese Yuan's primacy and focused on broader WTO obligation issues. Obligations such as trade barriers, non-discriminatory market access, institutional market mechanisms, intellectual property rights, manufacturing subsidies, Chinese enforcement of obligations, counterfeit exports, and monetary policy drew the focus. China's Yuan valuation policy was addressed within the larger context of China's internal and external financial and monetary polices. The Yuan valuation was mixed among the issues of the Chinese internal banking and loan system, the U.S. budget deficit and borrowing policy, the U.S. trade deficit, U.S. manufacturing migration, Chinese accounting procedures, and the purchase of U.S. Treasury securities. The inclusion of other economic issues within the key findings seemed to de-emphasize the Yuan issue as the solitary engine of the U.S.-China trade deficit.

The 2006 recommendations[37] to Congress were two separate lists. The key recommendations[38] to Congress were the top ten issues the commission felt were of particular importance. These were pulled from a list of 44.[39] In what seems to be a shift away from the Yuan issue, no mention of

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[35] "2006 Annual Report Recommendations," U.S.-China Economic and Security Review Commission, http://www.uscc.gov/annual_report/recommendations/06_website_recommendations.pdf (accessed September 23, 2007).

[36] "The U.S.-China Relationship: Economics and Security in Perspective: Hearing before the USCC," http://www.uscc.gov/hearings/2007hearings/transcripts/feb_1_2/feb_1_2_07_trans.pdf (accessed September 15, 2007).

[37] *2006 Annual Report Recommendations*.

[38] Ibid., 14-16.

[39] Ibid., 205-211.

it or Chinese monetary policy can be found within the key recommendations. However, within the 44 recommendations, 12 dealt with U.S.-China trade and only three were currency related. Intellectual property rights seemed to rise to the top of the list as the most significant economic issue.

C. ARGUMENT

According to Polanyi, the rate of change or market expansion is the factor determining society's acceptance of that change. The main argument is that the rate of U.S.-Chinese market integration is causing a backlash or double movement against the Chinese Yuan. The reluctance of the current administration to utilize WTO options, regulations and address U.S. trade and fiscal imbalances is a move toward an unregulated market. As such, globalization is an has become an overarching framework or market exerting pressure on the manufacturing and labor sector that resulted in what seems to be a "second movement". In other words, within the 2003 USCC hearings, there seems to be two interconnected frameworks at play; an overarching one, globalization and a secondary one, Polanyi's second movement.

In 2003, the USCC narrowly focused on the Yuan and attempted what seemed to be a signal or "political intervention in defense"[40] of the social level or manufacturing and labor sector. This resembled the reactionary framework suggested by Karl Polanyi.[41]

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[40] B. Hettne, "Beyond the 'new' regionalism," *New Political Economy* 10, no. 4 (2005), 543-571, 548.

[41] Polanyi.

SIG and congressional perceptions of U.S.-China trade, manufacturing migration, and job flow imbalances experienced by the United States, as China moves to a market economy, may have served to increase the perceived rate of market expansion and therefore increased the perceived rate of dislocation and amplified the second movement. The cause of imbalances may lie at the hands of the United States or at the hands of the Chinese or maybe a little of both. However, if the administration continues to be perceived as dismissing Chinese market expansion and dislocation continue to rise, one would suspect a corresponding rise in congressional protectionism, the double movement.

Although, this argument could be viewed by realists as an attack on state autonomy or by liberals as the natural order of economic policy formation working itself through the wickets of society. The proposition here is that failure to utilize market regulatory options such as the WTO or Section 421 of the Trade Act of 1974 when obvious violations seem to drive up imbalances in trade as seen currently between the United States and China, is akin to moving the market closer to an unregulated state. If economic improvements are the ultimate goal then possibly more social consideration needs to be observed through rates of change options that may aid in preventing disruptive congressional intervention. Globalization may be the over arching framework driving the double movement within the manufacturing and labor sector. However, globalization is a rate of market integration or a rate globalizing the markets. As such, by decreasing globalization or the rate of integration it may allow greater time for social acceptance of change.

D. ASSUMPTIONS

Throughout this thesis, as any, several controversial assumptions have been made. In the 2003-2007 cases of the USCC hearings, Congress and SIGs perceived actual pressure within their organizations to the extent that action was required to demobilize the manufacturing and labor sector.

Congressional perceptions of pressure stemmed from unemployment figures. For example, Congressman Manzullo from Illinois stated in the 2003 hearings that unemployment in the second largest city in his state was 11.3%; additionally in McHenry County, a suburb of Chicago unemployment was 7%.[42]. Five of the seven congressmen addressing the 2003 USCC mentioned in their verbal or written statements concern for unemployment or job loss within their districts or state.[43] The assumption here is that pressure was exerted by the jobless constituents, either directly by letter or some type of communication to the congressman's office or indirectly by the congressman's intuition that the unemployment problem might surface at some point in the future in the form of votes.

Special interest groups solely exist to work for the interests of their members. Membership donations and fees affect the direction of the organization and hierarchical autonomy seems to be less dense than U.S. governmental autonomy. Or in other words, SIG actions tend to be in line

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[42] U.S.-China Economic and Security Review Commission, *China's Industrial, Investment and Exchange Rate Policies: Impact on the United States,* One Hundred Eighth Congress First Session sess., 2003, http://www.uscc.gov/hearings/2003hearings/transcripts/030925tran.pdf (accessed March 12, 2007), 26, 29.

[43] Ibid., 5-34.

with members wants and needs. Wolfgang Streeck puts forth similar support in that “interest associations have been studied, they have been conceptualized in the pluralist tradition as 'voluntary organizations' catering to, and exclusively dependent upon, the perceived interests of a given constituency.”[44] Additionally, intuitively by classifying an organization as a *special interest* group logically narrows the group’s political intentions.

E. METHODOLOGY AND SOURCES

1. Motivating Forces

This thesis will suggest that the U.S. manufacturing and labor sector was predominantly motivated by job flows, manufacturing migration, and capital flow which is market expansion or integration. Administration reluctance to utilize market restraints appeared to act as declining policy, declining regulatory role of the state, and internationalization of regulatory capacity. Additionally, by utilization of communication technology SIGs facilitated the focusing of manufacturing and labor pressure within the USCC hearings and recommendations.

Market integration will be explored through U.S. Trade statistics, foreign direct investment or capital flow between the United States and China, and job flows. Data from the Office of Trade and Industry Information, the

[44] Wolfgang Streeck and Philippe C. Schmitter, "Community, Market, State-and Associations? The Prospective Contribution of Interest Governance to Social Order," *European Sociological Review* 1, no. 2 (September 1985), 119-138, http://links.jstor.org/sici?sici=0266-7215%28198509%291%3A2%3C119%3ACMSATP%3E2.0.CO%3B2-3, 130 (accessed September 10, 2007).

Central Intelligence Agency (CIA) World Fact Book, and a working paper from the European Central Bank will demonstrate market integration and imbalances between Chinese, United State's, and international markets. The U.S. Bureau of Economic Analysis database and a doctorate study from the Centre for Strategic Economic Studies provides FDI information for United States and Chinese outflows of capital. Lastly, job flow data is examined nationally and by sector from Bureau of Labor Statistics. The USCC hearings and recommendations will be utilized to demonstrate the possible causes of these imbalances therefore demonstrating action could be taken in order to regulate or slow the globalization process.

The appearance of declining policy and regulatory role of the state will be examined through the reluctance of President Bush to invoke the China safeguard, Section 421 of the Trade Act of 1974. Documents from The Center for Trade Policy Studies, Michael Goodhart, and several United States Government Accounting Office publications will demonstrate one example of what appears to be the declining role of the state. Internationalization of regulatory capacity will be explored through the incessant demand of the manufacturing and labor sector, within the USCC hearings, for administrative action within the WTO on human rights issues, intellectual property rights, and exchange rate practices.

2. The Double Movement

The double movement is societies' defense of itself through "protective legislation, associations, and other

instruments of intervention as its methods."[45] One example is the repeated recommendations from the USCC urging Congress to do whatever was in its power to move China in the direction of currency revaluation. As well, multiple bills have been introduced to defend the manufacturing and labor sector. H.R. 3306 attempted to remove presidential discretion in Section 421 cases and give that power to the International Trade Commission (ITC). S.1586 and H.R. 3364 have been introduced to address the Chinese currency valuation issue. Additionally, the USCC recommendations have presented many calls for the administration to utilize the WTO to help address concerns previously discussed.

3. Facilitating Effects

Four political communication categories, conversation, broadcast, information aggregation, and group dialogue[46] suggested by Christopher Weare will be explored through the lens of technology to demonstrate Michael Goodhart's subset of globalization,[47] hyper-modernity. Through questionnaires, phone calls, and emails to the Manufactures Alliance (MAPI) and National Association of Manufacturers (NAM) organizational data was gathered and critically examined through a technological lens of each political communication category. As such, the facilitating effects of technology within the lobbying organization of MAPI and NAM become apparent and fit nicely within the hyper-modernity context.

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[45] Polanyi, 138-139.

[46] C. Weare, "The Internet and Democracy: The Causal Links between Technology and Politics," *International Journal of Public Administration* 25, no. 5 (2002), 659-691, http://www.informaworld.com/10.1081/PAD-120003294, 664-667 (accessed August 10, 2007).

II. GLOBALIZATION'S MOTIVATING FORCES

This chapter will suggest that market integration is one dynamic in the globalization framework that seems to be etched within the USCC hearings. In Michael Goodhart's definition of globalization he defines market integration as "the integration and expansion of markets in goods and capital, sometimes described as interpenetration of markets."[48] Consequently, market expansion and the subsequent social dislocations seem to have created perceptual pressures on legislation and similar activities such as SIGs to act in its defense.

A. MARKET INTEGRATION AND EXPANSION

> This formula appears to take for granted the essence of purely economic progress, which is to achieve improvement at the price of social dislocation. But it also hints at the tragic necessity by which the poor man clings to his hovel doomed by the rich man's desire for a public improvement which profits him privately.[49]

Jobs move or migrate if barriers to do so are minimal. A country, Thomas Pugal suggests of David Ricardo's principle of comparative advantage, will produce and export the goods of least opportunity costs and import those goods which are of higher opportunity costs.[50] The demand and supply of labor can be viewed similarly as manufacturing

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[47] Goodhart, 527-546, 530.

[48] Ibid., 529.

[49] Polanyi, 36-37.

[50] Thomas A. Pugal, *International Economics*, Twelfth ed.McGraw-Hill/Irwin, 2004), 39.

companies will tend to migrate jobs to a position of lowest opportunity cost if unhampered by bureaucratic red tape and other barriers, i.e., free trade. As such, it makes sense that lower valued jobs are flowing to Canada, Mexico and China. In reality, it is not this simplistic. However, these basic free trade issues and their effects seemed to be the underlying dominant nuance throughout the 2003 USCC hearings.

Market integration or expansion, the social motivating force of globalization, appears to be the engine of social dislocation. Rates of change or rates of dislocation and society's ability to deal with that dislocation seem to be a determining function within society's acceptance of that change[51] or dislocation. Therefore, the rates of market integration or expansion may affect society's acceptance of those integrations.[52]

According to Polanyi as global markets came together, integrated and expanded during the Industrial Revolution, differing factors created varying social dislocations.[53] As well, he identified similar factors and societal dislocations in the earlier Tudor period when wool production drove a conversion of open and arable land into pasture land.[54] Polanyi contrasts the two periods in order to bring to light the differing rates of market integration or rates of change and those effects on English society.

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[51] Polanyi, 39.

[52] Ibid., 39-40.

[53] Ibid., 35.

[54] Ibid., 38.

The Crown's earlier success in traversing the enclosure period lies in stark contrast to the social degradation of the Industrial Revolution. Polanyi credits the Tudor Crown with slowing the rate of market integration or expansion to a rate of change that was socially acceptable; he holds in contempt England's failure to recognize the recurring circumstances and failure to slow those processes during the Industrial Revolution.[55]

Accordingly, this section will argue that SIG and congressional voices perceived the social displacing effects of market expansion as suggested by Polanyi, not from society as a whole, but from a sector within U.S. society. Congressional representatives and SIGs appeared to perceive a corresponding pressure, necessity to protect, or motivation to act in order to protect a sector of society, manufacturing and labor. Perceptions of pressure will be analyzed through congressional and SIG statements concerning job flows, unemployment, and manufacturing migration and their perceived causation.

1. The Deficit, Dislocations, and Perceived Pressure

Economic exchanges across borders or the inward and outward flow of goods, services, and capital, represent levels of market integration. Georg Sorenson suggests that today, on a global level, markets are closer together; one way this takes place is through symbiotic market penetration of inward and outward flows.[56] In the past trade flows between countries were superficial. Goods and services were

[55] Polanyi, 35-44.

[56] Sorensen, 26-27.

produced within the border of one country and sold to another. After the establishment of the Bretton Wood's system and advent of technology, manufacturing and production has been able to transcend to a regional or global level. Deeper integration has taken place by transnational corporation establishments that have created production chains made of intertwined economic linkages with cross-border networks. Market integration now regards the free flow, inward and outward, of goods, services, information, and capital across borders. Therefore, measurement of those goods and capital tend to represent the level of integration, degree of market overlap, and penetration or expansion of markets. In summary, the measure of inward and outward flows can loosely represent, market integration or expansion of markets.

Hence, the U.S.-China trade deficit and associated dislocations seem to be generating perceptions within congressional circles and SIGs of Chinese growth at U.S. manufacturing and labor expense. The large U.S.-China trade deficit and perceived causes, exchange rate, intellectual property rights, and human rights issues, seem to be driving a trend of sector protectionism or protection of society as social dislocation and pressure for action is exerted on established political structures.

As such, this section will argue that SIG and congressional perceptions of Chinese exchange rate policy and lesser issues were linked to U.S. manufacturing migration, job loss and job loss rates (dislocations), trade deficits and trade deficit rates. Additionally, congressional perceptions of growing American awareness and

pressure from Chinese trade issues appeared to set the stage for what appeared to be double movement or protection of the manufacturing and labor sector as the USCC recommendation seemed centered on the Chinese Yuan revaluation.

Within the 2003 USCC hearing's Congressional Perspective and U.S. Economic Impact sections, congressional and SIG voices expressed growing concern over job loss and manufacturing migration and seemed focused on the U.S. trade deficit as its perceived cause. The perceptual causes of U.S. job loss within the manufacturing sector seemed focused on the advantage received by the undervalued Yuan and the connectedness of the U.S.-China trade deficit and Yuan undervaluation. Although, the hearings did not solely point at the Yuan value issue it seemed to dominate the hearing dialogue as well as the final recommendations.[57]

Congressional perspectives seemed wrapped around job loss, manufacturing migration, U.S.-China trade deficit, increasing rates of each, and currency manipulation issues. Table 2[58] displays each congressman's expressed interests, concerns, and slant of causes. All seven congressmen expressed concern for job loss or the manufacturing base and currency manipulation. Although, Senator Dorgan alluded to

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[57] *2004 Report to Congress of the U.S.-China Economic and Security Review Commission* (Washington, D.C.: U.S. Government Printing Office,[2004]), http://www.uscc.gov/annual_report/2004/04annual_report.pdf (accessed October 26, 2006), 1

[58] *China's Industrial, Investment and Exchange Rate Policies: Impact on the United States*, 5-34.

issues deeper than currency manipulation. Six congressmen expressed concern for the U.S. China trade deficit seen in Figure 2.[59]

Table 2. Trade, Jobs, Rates, and Causes

Senator	Trade Deficit	Trade Deficit Rate	Job Loss Concern/Manufacturing Base	Job Loss Rate	Currency Issue	Intellectual Property Rights
Phil English	Pg. 6	Pg. 6	Pg. 6		Pg. 6	Pg. 7
Lindsey Graham	Pg. 8	Pg. 8	Pg. 7-8	Pg. 7-8	Pg. 9	
Charles Stenholm	Pg. 14		Pg. 15		Pg. 15	
Byron L. Dorgan	Pg. 15	Pg. 15	Pg. 16		Pg. 16	
Charles E. Schumer			Pg. 19, 21	Pg. 18	Pg. 19	
Donald A. Manzullo	Pg. 29		Pg. 25, 26, 35	Pg. 25, 27, 28	Pg. 25	
Sander M. Levin	Pg. 32		Pg. 32		Pg. 32	

Adding to congressional concern was the trade deficit's increased rate of change and increased rate of U.S. job loss. As seen in Table 2,[60] three congressmen cited the increasing trade deficit rates as disconcerting as well as three voiced concerned for the job loss rate.

Additionally, the statement by Dr. Fred Bergsten, director for the International Institute for Economics, "if you put all those currency changes together the result would be a reduction of about $50 billion in U.S. current account deficit, which in turn would translates to something like 500,000 high-paying jobs, mainly in manufacturing in this

[59] "U.S. Data from the Office of Trade and Industry Information (OTII), Manufacturing and Services, International Trade Administration, U.S. Department of Commerce." Department of Commerce, http://tse.export.gov/NTDMap.aspx?UniqueURL=3uzl5w4534mjtmuntrbwuoeo-2007-5-25-10-15-22 (accessed May 25, 2007).

[60] *China's Industrial, Investment and Exchange Rate Policies: Impact on the United States*, 6-35. More than one page listed does not mean a stronger concern or interest in a particular issue.

country"[61] further added to the commission's perceptions that the trade deficit, as seen in Figure 2, was linked to U.S. job and manufacturing flight.

Figure 2. U.S.-China Trade Deficit

Perceptions of building societal pressure seemed to be influencing desire for congressional action. Within the commission's hearings several members specifically cited or addressed the growing feeling of societal pressure. Congressman English referred to an unprecedented 400 person rally against Chinese trade practices resulting from job risk perceptions faced by U.S. citizens; additionally, he suggested further pressure may have been generated by the growing trade deficit.[62] Next, Congressman Manzullo described America's awareness of the growing Chinese trade

[61] *China's Industrial, Investment and Exchange Rate Policies: Impact on the United States*, 44.

[62] Ibid., 12.

issues[63] that seemed to imply his sense of building social pressure. Dr. Roach and Co-Chairman Mulloy perceived the congressmen's concern for constituencies as they discussed the "anguish of the American people"[64] as well as Congressman Manzullo.[65]

Although direct pressure seemed nominal, the indirect pressure from sector job loss and unemployment statistics seemed to hold sway over SIG and congressional concerns as seen in Figure 3.[66] According to the Economic Policy Institute the United States has lost a net 1.8 million job opportunities since 2001[67] as determined from analysis of Census Bureau data. This is a combination of 337 thousand[68] job opportunities flowing into the United States and 2.1 million[69] job opportunities flowing away from the United States.

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[63] *China's Industrial, Investment and Exchange Rate Policies: Impact on the United States*, 26.

[64] Ibid., 49.

[65] Ibid., 39.

[66] "Manufacturing Unemployment has Edged Down Slightly since Early 2004, Following 3 Years of Sharp Declines," Bureau of Labor Statistics, http://www.bls.gov/cps/labor2005/chart1-10.pdf (accessed May 29, 2007).

[67] Robert E. Scott, "EPI Briefing Paper: Costly Trade with China," Economic Policy Institute, http://www.epi.org/content.cfm/bp188 (accessed May 29, 2007).

[68] Ibid.

[69] Ibid.

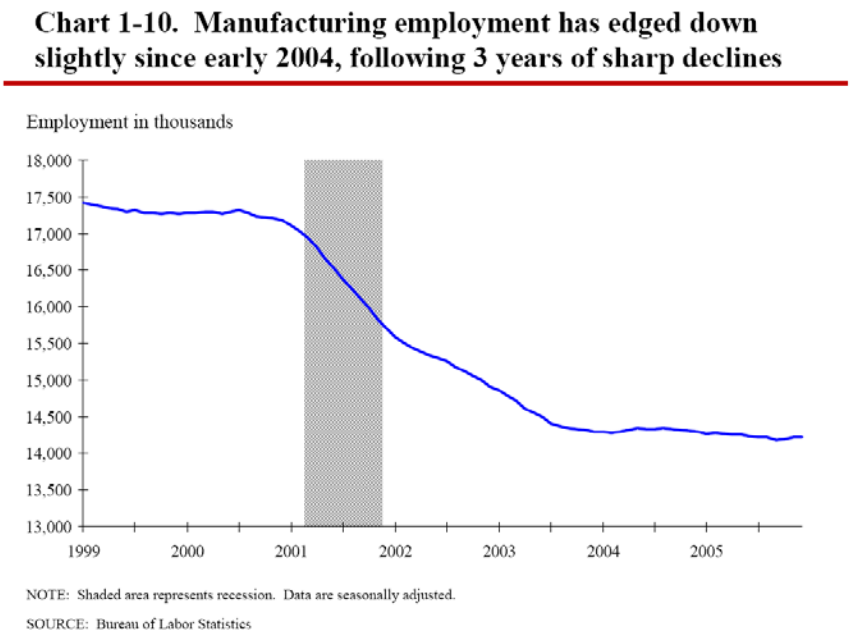

Figure 3. Sector Job Loss and Unemployment Statistics

Senator Charles Schumer of New York voiced his concern for jobs within his district as well as U.S. job flight. He related a story of investment banking that moved 800 computer programming jobs to India and China.[70] New York ranked 3rd with 105,900 total jobs lost. However, New York's relative job loss placed it at 26th with a 1.2% total state job loss.[71]

Senator Lindsey Graham of South Carolina grumbled to the commission about China's capturing 20% of the world's steel market and costing the United States jobs.[72] By 2006

[70] Hearing before The U.S.-China Economic and Security Review Commission, *China's Industrial, Investment and Exchange Rate Policies; Impact on the United States,* 108th sess., 2003, http://www.uscc.gov/hearings/2003hearings/transcripts/030925tran.pdf (accessed May 31, 2007), 18.

[71] Scott, 3.

[72] Ibid., 8.

Senator Graham's state ranked 20th, losing 29,900 jobs.[73] However, the relative job loss within South Carolina ranked it at the sixth position[74] with 1.6% of the total jobs leaving the state[75] as seen in Table 3.[76]

Senator Byron Dorgan of North Dakota voiced concern for the flight of U.S. manufacturing. Although, he failed to provide any substantial data to his state's plight of manufacturing he related a story about the Huffy bicycle company in Indiana.[77] Senator Dorgan did not experience the extensive job loss as his friend Senator Graham.[78] North Dakota ranked 50th out of 51 states, a total job loss of 1900, and relative job loss of 0.6%.

Curiously absent from the USCC hearing was any representation from California and New Hampshire. California ranked 1st with a total job loss of 269,300 and 3rd in relative job loss at 1.8%.[79] Additionally, New Hampshire did not send a representative and its job loss placed it at the number 1 position in relative job loss at 2.1%.[80]

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[73] Scott, 3.

[74] Ibid.

[75] Of note here is that the relative job loss is determined by comparing 2001 to 2006 job loss numbers against the 2001 state employment numbers.

[76] Ibid.

[77] *China's Industrial, Investment and Exchange Rate Policies; Impact on the United States*, 16.

[78] Ibid.

[79] Ibid.

[80] Ibid.

Table 3. Job Loss Ranked by State

Congressman Participating in the 2003 USCC Hearing

Congressman	State	Job Loss	Ranked by Job Loss	State's Relative Job Loss %	State Ranked by Relative Percent Job Loss
Phil English	Pennsylvania	78,200	5	1.4	20
Lindsey Graham	South Carolina	29,900	20	1.6	6
Charles Stenholm	Texas	136, 900	2	1.4	14
Byron Dorgan	North Dakota	1,900	50	0.6	50
Charles Schumer	New York	105,900	3	1.2	26
Donald Manzullo	Illinois	79,900	4	1.3	22
Sandy Levin	Michigan	54,900	11	1.2	28

The U.S. Economic Impact section further added to the sense of pressure for action. Speakers from the Treasury for Economic Policy, National Association of Manufacturers, American Federation of Labor and Congress of Industrial Organizations, and U.S. Chamber of Commerce addressed the commission with illuminating economic interpretations. However, as the exact wording of Ms. Thea Lee's speech was used within the recommendations to Congress, as well as the congressional recommendation's focus on the currency issue, this section will focus on the perceptual pressures imprinted by NAM, AFL-CIO, and MAPI on the USCC.

The Vice President of International Economic Affairs for NAM, Franklin Vargo, addressed the USCC and voiced his organization's concern that China was manipulating its currency, therefore contributing to the growing U.S. trade imbalance[81] and action should be taken on all World Trade Organization (WTO) violations. Mr. Vargo's written statement addressed many of the globalization issues facing U.S. competitiveness by explaining NAM's economic growth campaign. This campaign not only focused on correcting the China revaluation issue, it focused on U.S. domestic issues

[81] *China's Industrial, Investment and Exchange Rate Policies; Impact on the United States*, 175.

broadly addressing the growing pressures of globalization. For example, of the five proposed initiatives, four of these focused on U.S. domestic issues. These domestic initiatives aimed at making U.S. manufacturing more competitive on a global scale by focusing on reducing production costs, promoting innovation, increasing investment and productivity, ensuring an adequate supply and retraining of skilled workers, and improving policy infrastructure to advance U.S. manufacturing agenda.[82]

The Assistant Director of Public Policy for the AFL-CIO, Thea Lee, addressed the USCC with similar concerns. Currency manipulation, unfair advantage, and wage suppression were some of the issues brought before the USCC on behalf of the AFL-CIO's 13 million members. Consequently, her address seemed to carry significant weight for action as her "call on the administration to use all the tools at its disposal"[83] was carried almost verbatim into the 2004 USCC recommendations, "The administration should use all appropriate and available tools at its disposal to address and correct the problem of currency manipulation by China and other East Asian countries."[84]

2. Conclusion

Job loss, unemployment, manufacturing migration, and the trade deficit seemed to generate perceptions of pressure or movements within the manufacturing and labor sector for

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[82] *China's Industrial, Investment and Exchange Rate Policies; Impact on the United States*, 179-180.

[83] Ibid., 187.

[84] *2004 Annual Report Recommendations*.

action. As China and the United States seemed grow economically closer together, sector job flows and the U.S. trade deficit have significantly increased. If inward and outward flows of goods and services represent market integration and expansion, then the U.S.-China trade deficit may be perceived as a one sided penetration of the U.S. market. As it stands, the trade deficit with China is large, China's currency may need to be revalued, China may suppress wages, people, and human rights. Their expansion into the U.S. market seems or is perceived thus far as one sided by some. The perceived tipping of the playing field or the market distorting nature of Chinese monetary policy within the USCC hearings seems to have been perceived as a contributing factor to the deficit or one sided market expansion. SIGs and select congressional members associated with large manufacturing sectors seemed to perceive sector pressure or social dislocation from job loss numbers, unemployment statistics, and rallies. Consequently, these factors and events seemed to be interpreted as pressure for action or instill a desire to protect society. Although the USCC hearings were composed of non-lobby and non-partisan economist, their perceptions or views seemed to resonant less with the commission and its recommendations. As well, the perceived pressure seemed to spur a double movement focused on the Yuan as one way to act in societal or sector defense that emerged in the USCC 2004 recommendations to Congress.

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III. THE DOUBLE MOVEMENT

> Let us return to what we have called the double movement. It can be personified as the action of two organizing principles in society, each of them setting itself specific institutional aims, having the support of definite social forces and using its own distinctive methods. The one was the principle of economic liberalism, aiming at the establishment of a self-regulating market, relying on the support of the trading classes, and using largely laissez-faire and free trade as its methods; the other was the principle of social protection aiming at the conservation of man and nature as well as productive organization, relying on the varying support of those most immediately affected by the deleterious action of the market-primarily, but not exclusively, the working and the landed classes-and using protective legislation, restrictive associations, and other instruments of intervention as its methods.[85]

Polanyi notes that within the Tudor and Industrial Revolutionary periods social dislocations generated a double movement of society in defense of itself. Reflections of his argument ring within the context of Michael Goodhart's definitional segments of globalization which are declining policy and regulatory role of the state and internationalization of regulatory capacity. Protective legislation in the form of introduced bills, associations like SIGs, and other instruments of intervention such as law suits served as the manufacturing and labor sector's methods of defense. This chapter will argue that the President's reluctance to engage policy under Section 421 is akin to and perceived as declining policy and regulatory role of the

state by select members of congress. On the other hand, the administration seemed to turn to international organizations in trying to persuade the Chinese to revalue the Yuan. Although separate issues, they seem to be linked in that as the state's effectiveness seems to decline, although possibly by choice, it seemed to turn outward to international regulatory capacity to pursue or address other issues.

Section 421 cases brought to President Bush and his reluctance to invoke already established policy, restrict Chinese trade, suggests that markets may act in restraint of policy decisions. Additionally, the initial filing of cases under Section 421, congressional response, and civil response seems to represent Polanyi's defense of society. Several congressional bills introduced seem to be an attempt to fill gaps or force administrative action on policy already in place suggesting a perception of declining policy. Finally, the current administration's attempts to address the Chinese currency issues through international organizations seemed to support the notion of internationalization of regulatory capacity

A. DECLINING POLICY AND REGULATORY ROLE OF THE STATE

> Declining policy and regulatory role of the state: the diminishing policy autonomy of states and their inability to remain effective actors in international political and economic affairs. The claim is that markets constrain or dictate state

[85] Polanyi, 138-139.

> policy; rapid capital flows and speculation against currencies can destabilize and even wreck national economies.[86]

President Bush's hesitation to invoke the Section 421 provisions, China Safeguard, and restrict Chinese trade seems to represent one example of this claim. As well, some signs of the double movement seem to be visible within these Section 421 cases and the responses to the administrative rejection of these cases.

Section 421 emerged from the U.S.-China Trade Act of 2000[87] and helped established normal trade relations between the United States and China. Section 421 also aided in China's accession to the WTO by helping to bed U.S. protectionist's fear of Chinese imports. It provided a safeguard against individual Chinese product disruptions of U.S. markets and lowered the threshold for Chinese specific exports.[88]

The Section 421 process is a three step method initiated by a petition to the ITC. The Commission investigates and determines if a specific Chinese product has caused disruptions to U.S. markets. If the ITC finds markets were not damaged then the procedure is halted. If, on the other hand, the ITC determines that markets have been damaged, it makes a recommendation to the United States

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[86] Goodhart, 527-546, 529-530.

[87] Scott Robertson, "US Producers Seek Relief from China Pipe Imports," http://findarticles.com/p/articles/mi_m3MKT/is_30-3_113/ai_n14917369/pg_1 (accessed October 14, 2007).

[88] Dan Ikenson, "Bull in a China Shop: Assessing the First Section 421 Trade Case," Center for Trade Policy Studies, http://www.freetrade.org/pubs/FTBs/FTB-002.pdf (accessed November 13, 2006), 1.

Trade Representative (USTR) and the President of the United States. The USTR further investigates a remedy and makes a recommendation to the President. As of September 2005, five petitions have been filed. Three cases were found to have merit by the ITC and USTR and were sent to the President. Consequently, the President decided against relief for all three cases.[89]

Although three cases represent a small number from which to draw a significant conclusion a trend differing from the ordinary seems to exist. Other cases exists under different safeguards and in those cases "Presidents have granted relief in half of the global safeguard cases in which ITC recommended relief, and in all such cases after Congress revised U.S. trade law in 1988."[90]

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[89] *U.S.-China Trade: The United States has Not Restricted Import Under the China Safeguard* (Washington, D.C.: United States Government Accounting Office, [2005]), http://www.gao.gov/new.items/d051056.pdf (accessed November 13, 2006), 3.

[90] Ibid., 3.

Table 4. Outcomes of Completed China, Communist Country and Global Safeguard Cases (as of September, 2005)

	China safeguard	Communist country safeguard[a]	Global safeguard[b]
Number of cases since enacted	5	13[c]	73
ITC determination			
• **Affirmative**	3	4	34
• **Tie vote**[d]	0	1	6
• **Negative**	2	7	32
• **Terminated**	0	1	1
Presidential decision on import relief			
• **Provided**	0	1[e]	19[f]
• **Not provided**	3	4[g]	21

Source: GAO analysis of ITC import injury investigation statistics and presidential determinations.

[a]Since section 406 was modified by the Omnibus Trade and Competitiveness Act of 1988, there have been only two petitions. One case was terminated; in the other, the ITC made an affirmative injury determination and the President denied relief.

[b]Since section 201 was modified by the Trade Act of 1988, there have been 13 petitions.

[c]China has been the target of 7 out of the 13 section 406 cases brought by petitioners.

[d]In the case of a tie vote, the President may accept either an affirmative or negative determination.

[e]The President directed the U.S. Trade Representative to negotiate an orderly marketing agreement with China.

[f]With respect to the six tie votes referred to him under the global safeguard, the President provided import relief in one case.

[g]In the one section 406 case in which the ITC commissioners were evenly divided, the President took no action to restrict imports.

Table 4[91] is from the GAO Report to Congressional Committees titled "U.S.-China Trade: The United States has Not Restricted Imports under the China Safeguard" and displays the different cases receiving relief. Although, only 3 cases under the China Safeguard present limited insight, if juxtaposed with the Communist and Global

[91] *U.S.-China Trade: The United States has Not Restricted Import Under the China Safeguard*, 17.

Safeguards a gap seems to exist or suggest a reluctance to restrict Chinese imports by the President under the Section 421.

Table 5. Reasons Cited by the President

Case	Reasons by the President
Pedestal actuators	Imposing the ITC's recommended quota would not benefit the domestic producing industry and would cause imports to shift from China to other offshore sources.
	The cost of the quota to downstream users and consumers would substantially outweigh the benefit to producer's income.
	Relief would negatively impact workers in downstream industries, which have a significantly larger number of workers than the domestic pedestal actuator industry.
	Relief would negatively affect disabled and elderly purchasers of mobility scooters and electric wheelchairs.
Wire hangers	Imposing additional tariffs on Chinese imports would affect domestic producers unevenly.
	Domestic producers have already begun to pursue adjustment strategies.
	Domestic producers have a dominant share of the market and thus have the opportunity to adjust to competition from Chinese imports even without import relief.
	There is a strong possibility that if additional tariffs were imposed, production would shift to third countries.
	Additional tariffs would have an uneven impact on domestic distributors of wire hangers.
	Additional tariffs would likely have a negative effect on small dry-cleaning businesses.
Waterworks fittings	A remedy would be ineffective because imports from third countries would likely replace curtailed Chinese imports.
	Import relief would cost U.S. consumers substantially more than the increased income realized by domestic producers.
	Domestic producers enjoy a strong competitive position in the U.S. market.*
	In 2002 and 2003, imports of this product have been relatively stable in volume terms and declined slightly in value terms.*

Source: GAO summaries of presidential determinations of January 17, 2003, April 25, 2003, and March 3, 2004.

*The President noted that this reason was not necessary in reaching his determination.

President Bush's reluctance for intervention or trade restrictions in these three cases when overlaid with other safeguard cases seems to suggest some unexplained component or dynamic. The merits of each case were considered individually and together. For example, domestic concerns such as the effect of relief on all domestic producers, consumers, and distributors were considered.[92]

Table 5[93] summarizes individual presidential reasons for each cited case and an explanation of why relief was not provided. Furthermore, the single common factor, high

[92] *U.S.-China Trade: The United States has Not Restricted Import Under the China Safeguard*, 21-22.

[93] Ibid., 16.

lighted in red, carrying through each of the three cases was presidential concern for a production shift away "from China to other countries rather than to U.S. producers."[94] Hence, market reactions and possible consequences outweighed the gains of intervention under Section 421 and therefore seemed to play a meaningful role in constraining policy. Or in other words, markets seemed to constrain policy.

Section 421 cases themselves seem to represent a dynamic within the double movement, reactions to the President's decision also seemed to be a segment of the double movement and appeared to represent the convictional movement's depths as it refused defeat or grasped at fraying strings in hopes of unraveling the sweater. The President's reluctance to intervene through Section 421 resulted in one law suit[95] by Motion Systems and an attempt by Congress to remove this executive power, H.R. 3306.[96] Although this bill is dead and in reality posed little if any threat, it seems to represent action by and for the manufacturing and labor sector. As well, it seems to imply recognition of a policy gap or reluctance to enforce policy. Thus, both actions seem to align with Polanyi's double movement theory that the social level will attempt to defend itself.

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[94] *U.S.-China Trade: The United States has Not Restricted Import Under the China Safeguard*, 22.

[95] "Trade Enforcement Activities," United States Trade Representative, http://www.ustr.gov/assets/Document_Library/Reports_Publications/2006/2006_Trade_Policy_Agenda/asset_upload_file922_9075.pdf, (accessed October 15, 2007), 235.

[96] *Fair Trade with China Act of 2005,* H.R. 3306, 109th Cong, 1st sess. Sess., (2005): http://www.govtrack.us/congress/bill.xpd?tab=summary&bill=h109-3306 (accessed November 14, 2006).

In summary, throughout presidential reasoning one concern or common thread carried through all three cases, manufacturing flight away from China with little or no gain to U.S. manufacturers or consumers. Or in other words, China trade restrictions would likely shift imports and production away from China and provide U.S. consumers and manufacturers with negligible gains. The market shifts or likelihood of market shifts seemed to highlight the constraining effects of markets and capital flow on policy and regulatory capacity of the state. Additionally, the Motion Systems vs. Bush lawsuit and the congressional response of H.R. 3306 appeared to highlight another societal, manufacturing and labor, attempt to defend itself against the expansion or integration of the Chinese market.

Dictation of policy may be a term to harsh to describe this situation; however, constraint of policy seems to better fit this example. Finally, H.R. 3306 seemed to represent to some congressional members the perception of administrative in-action or a voluntary decline in policy and therefore an attempt was warranted to fill this gap.

B. INTERNATIONALIZATION OF REGULATORY CAPACITY

> *Expanding power of TNCs and other non-state institutions of governance*: the growing prominence of TNCs both as economic entities eager to elude the direct control and regulation of states and as actors and agents in international governance. Many observers note the parallel expansion of other quasi-public and private institutions of governance.
>
> *Internationalization of regulatory capacities*: the growing power of international regulatory regimes in a variety of policy areas. Many

> critics assert that this expanded role comes at the expense of the power and authority of states.[97]

Hand in hand with declining policy and regulatory role of the state is the internationalization of regulatory capacity. As market constraints seem to guide policy makers as seen above, some policy makers may choose to intervene via international organizations rather than utilizing a more direct policy. Although the ability of these international organizations to regulate is questionable, the pressure to conform to international standards or norms when exerted by a majority of the governing body may be quite compelling. Additionally, the choice to use these groups seems to add to their legitimacy or capacity to exert pressure.

Several forums or international organizations engaged Chinese leadership concerning the valuation of the Yuan leading up to China's decision to move to a basket pegged currency. The G7, Asia Pacific Economic Co-operation (APEC), The G20, and the International Monetary Fund (IMF) urged China to float or revalue its currency. Hence, in 2005 China moved to a basket peg of multiple currencies; although, it is unclear whether the effect of the forums, individual country pressure such as the signals from the United States, or a combination of the two led to the Yuan revaluation. The point is that the United States engaged these international organizations rather than implement restrictive trade barriers adding credence to the expanding power of non-state institutions and power of international regulatory capacity. Additionally, when one of the most significant military and

[97] Goodhart, 527-546, 529-530.

economic countries in the world turns to an international organization in order to address issues it seems to abet the legitimacy of that organization. Or in other words, is it not fair to say when a country as powerful as the United States turns to an international organization that very act seems to set the tone or expand the power of that organization in the eyes of less powerful countries?

Examining international organizational meetings in 2003 and 2004, within the forums, a sense of increasing revaluation pressure can be seen. The 2003 G7 initially called for more flexibility in world currencies; however, it restrained from naming China as the specific target of its remarks.[98] The APEC meeting garnered the United States some minor regional headway as there was a general call for the revaluation of the Yuan. However, reluctant to see a major move of the Yuan, the assembly urged China and other countries to allow their currencies to rise.[99] The G-20 meetings displayed a general growing concern over currency balances and floating exchange rate policies. Furthermore, the G20 Communiqué seemed to indirectly reference the U.S.-China balances by addressing the IMF as seen within this statement: “We encourage the IMF to continue to enhance its capacity to identify vulnerabilities, such as currency and other balance sheet mismatches, and provide advice to member

[98] Andrzej Zwaniecki, "G7, China Finance Ministers to Meet on Currency Exchange Regime," United States Department of State, http://usinfo.state.gov/ei/Archive/2004/Sep/23-184387.html (accessed June 12, 2007).

[99] "2ND LD: APEC Finance Chiefs Paper over Forex Flexibility Issue," Kyodo News International, Inc. and The Gale Group, http://findarticles.com/p/articles/mi_m0WDP/is_2003_Sept_9/ai_107467333 (accessed June 12, 2007).

countries on policy reforms."[100] The IMF found little fault with the valuation of the Yuan in 2003 or 2004. However, it did urge China in 2003[101] and 2004[102] to move its currency to a floating system.

In 2004 several of these forums changed tone. The G7 called directly on China to speed its transition from the pegged monetary system to a more flexible floating system.[103] President Bush addressed the Chinese Minster candidly at the APEC summit in Chile and was assured that the Chinese system was moving to a more flexible exchange rate policy.[104] The G-20 Workshop of 2004 displayed growing concern for currency balances and floating exchange rate policies. In a somewhat reserved manner, the workshop summary addressed the currency issue. However, the importance of a floating system was emphasized within the General Summary of the document,

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[100] "Fifth G-20 Finance Ministers' and Central Bank Governors' Meeting: Morelia Communiqué," University of Toronto, http://www.g7.utoronto.ca/g20/g20_031027.pdf (accessed June 13, 2007), 2.

[101] "IMF Says Yuan Not Undervalued," The China Daily, http://www.chinadaily.com.cn/en/doc/2003-11/20/content_283019.htm (accessed June 13, 2007).

[102] "IMF Pressures China on Flexible Yuan," The China Daily, http://www.chinadaily.net/english/doc/2004-10/21/content_384507.htm (accessed June 13, 2007).

[103] "G7 Urges China to Quicken Pace to Exchange Rate Flexibility," United States Department of State, http://usinfo.state.gov/ei/Archive/2004/Oct/04-174520.html (accessed June 12, 2007).

[104] Zhao Huanxin, "Hu, Bush Commit to Healthy, Strong Relationship," The China Daily, http://www.chinadaily.net/english/doc/2004-11/20/content_393364.htm (accessed June 12, 2007).

> Participants broadly endorsed the concept of exchange rate flexibility for countries with widely opened capital accounts, agreeing that a high degree of exchange rate flexibility provides an incentive to monitor and control currency mismatches.[105]

As such, within the G-20 pressure seemed to be ramping up in support of China acting on their exchange rate policy. Consequently, a distinct change can be seen in the Chinese perspective. Contrast in titles of Chinese news articles from 2003 and 2004 suggest recognition of the growing pressure. In 2003, one article was titled “IMF Says Yuan Not Undervalued” and in 2004, the perspective changed to “IMF Pressures China on Flexible Yuan.”

In summary, the regulatory capacity of one individual forum or group may not be binding. Though, as pressure builds in several or many forums the desire to conform may move countries’ leaders to bow to pressure. As such, it appears that pressures was exerted by the G7, G20, APEC, IMF, and other international organizations and may have influenced the Chinese decision to move to a basket fixed exchange rate. The degree of influence exerted by international organizations versus the influence of the United States is unknown.

However, logically one could say the weight of the many likely weighs more than the one and the choice of the United States to utilize the forums seem to add significantly to that weight. The regulatory capacity or ability to exert

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[105] "G-20 Workshop on Developing Strong Domestic Financial Markets 26-27 April 2004," University of Toronto, http://www.g7.utoronto.ca/g20/20040625_ws_ottawa_summary.pdf (accessed June 13, 2007), 2.

pressure of the international community within the context of the Yuan revaluation seems to be clearly identified as permeating into the Chinese media and likely into Chinese society. The Chinese may have floated the Yuan because of signals from the United States. However, the international community's call for change would seem to logically weigh heavier on China's domestic situation in contrast to the view of bowing to United States' pressure. Finally, it seems the act of utilizing international organizations by the most powerful nations in itself legitimizes and adds to the power of those organizations.

C. SIGNALS OR DOUBLE MOVEMENT OR BOTH?

During the 108th Congress, 2003-2004, multiple bills were introduced of the protectionist flavor as seen in Table 6. None of these bills moved past the introduction stage and it could be plausibly argued were meant as signals to China and the President of the United States. What ever the argument is as to the significance or stated goals of these introduced bills the argument here is that they seem to represent something rather than nothing. Or in other words, if a bill means nothing then why introduce it with little expectations of passing? It seems these bills may be a response or action to some issue that has risen above the humdrum white noise of the masses. Whether or not the bill was expected to accomplish its stated or proposed goal is not important regarding this paper. The very act of bill proposition and the signals that were being sent are the point. The signals seem to have a purpose and that purpose seems to be the defense of the social level or in this case manufacturing and labor.

These bills seemed to serve as signals and they seemed to be action taken to coerce a change in Chinese trade policy representing the defense of U.S. society or the manufacturing and labor sector. Many of these bills were aimed at the currency issue and aligned closely with recommendations that emerged from the USCC in early 2004. H.R. 3364 if passed would have imposed a 27.5% tariff on Chinese products unless the President certified China was not manipulating its currency.[106]

[106] GovTrack.us. H.R. 3364--108th Congress (2003): To authorize appropriate action if the negotiations with the People's Republic of China. GovTrack.us (database of federal legislation) <http://www.govtrack.us/congress/bill.xpd?bill=h108-3364&tab=summary> (accessed October 18, 2007).

Table 6. Bills with Protectionist Flavors

108th Congress		
Bill Number	**Bill Name**	**Status**
H.R. 5026	Textiles and Apparel China Safeguard Act	Introduced
H.R. 3228	To withdraw normal trade relations treatment from the products of the People's Republic of China.	Introduced
S. 1586	A bill to authorize appropriate action if the negotiations with the People's Republic of China regarding China's undervalued currency and currency manipulations are not successful.	Introduced
H.R. 3364	To authorize appropriate action if the negotiations with the People's Republic of China regarding China's undervalued currency and currency manipulation are not successful.	Introduced
H.R. 4986	Currency Rate Adjustment and Trade Enforcement Act	Introduced
S. 1758	Currency Harmonization Initiative through Neutralizing Action Act of 2003	Introduced
H.R. 3058	Currency Harmonization Initiative through Neutralization Action Act of 2003	Introduced
S. 1592	Fair Currency Enforcement Act of 2003	Introduced

S. 1578[107] and H.R. 3058[108] would force the Secretary of Treasury to analyze Chinese monetary policy and impose tariffs to equalize currencies.[109] S. 1592 was not only aimed at China, but any country found to be manipulating its currency.[110] Furthermore, H.R. 5026[111] was introduced to

[107] GovTrack.us. S. 1758--108th Congress (2003): Currency Harmonization Initiative through Neutralizing Action Act of 2003, GovTrack.us (database of federal legislation) <http://www.govtrack.us/congress/bill.xpd?bill=s108-1758&tab=summary> (accessed October 18, 2007).

[108] GovTrack.us. H.R. 3058--108th Congress (2003): Currency Harmonization Initiative through Neutralization Action Act of 2003, GovTrack.us (database of federal legislation) <http://www.govtrack.us/congress/bill.xpd?bill=h108-3058&tab=summary> (accessed October 18, 2007).

[109] GovTrack.us. S. 1758--108th Congress (2003): Currency Harmonization Initiative through Neutralizing Action Act of 2003, GovTrack.us (database of federal legislation) <http://www.govtrack.us/congress/bill.xpd?bill=s108-1758&tab=summary> (accessed October 18, 2007).

[110] GovTrack.us. S. 1592--108th Congress (2003): Fair Currency Enforcement Act of 2003, GovTrack.us (database of federal legislation) <http://www.govtrack.us/congress/bill.xpd?bill=s108-1592&tab=summary> (accessed October 18, 2007).

force the President to take specific actions to enforce textile safeguards while H.R. 3228 tried to completely withdraw normal trade relations from China.[112] Although many of these bills seemed extreme and were likely introduce with failure in mind, they seemed to be signals to the Chinese government. These signals seemed to be representative of or in reaction to pressures that were running concurrently and that emerged from the USCC.

Congressional perceptions of inaction or failure to utilize established policy seem akin to perception of declining policy. Many of these bills seemed aimed at policy enforcement or signals to the President to act within guidelines already established. For example, H.R. 3306 and 5026 were introduced to coerce action on already established policy. Additionally, all bills aimed at currency seemed to be in retaliation for perceptions of administration reluctance to file a China currency manipulation complaint within the WTO.

D. CONCLUSION

Internationalization of regulatory capacity and declining policy seems to be a give and take partnership within the context of U.S.-Chinese trade and Yuan revaluation. U.S. engagement and somewhat limited success

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[111] GovTrack.us. H.R. 5026--108th Congress (2004): Textiles and Apparel China Safeguard Act, GovTrack.us (database of federal legislation) <http://www.govtrack.us/congress/bill.xpd?bill=h108-5026&tab=summary> (accessed October 18, 2007).

[112] GovTrack.us. H.R. 3228--108th Congress (2003): To withdraw normal trade relations treatment from the products of the People's Republic of China, GovTrack.us (database of federal legislation) <http://www.govtrack.us/congress/bill.xpd?bill=h108-3228&tab=summary> (accessed October 18, 2007).

within international organizations to shift the Chinese exchange rate policy seems to logically fill the gap or seems to explain the President's reluctance to intervene under Section 421. Or in other words, as policy seems to decline the result is a corresponding rise in internationalization of regulatory capacity. Goodhart's definition seems to suggest a somewhat forceful expansion of power by TNC's and institutions of governance or that institutions are coercively seeking power. However, these examples suggest a more voluntary resignation.

Additionally, comparing the two examples, declining policy and international organizations, highlights a key argument between neo-liberalism and state reinforcement ideology or domestic liberalism. Neo-liberalism looks to international organizations and cooperation to bring resolve to issues within transnational organizations and can be seen working throughout the 2003 and 2004 APEC, G20, G7, and IMF meetings. Moreover, the apparent reluctance of President Bush to implement provisions under Section 421 fits within the neo-liberal context of yielding to international organizations. Reactionary legislation seems to have the aim of forcing policy already in place suggesting a one sided perception of declining policy.

The double or second movement can be seen in the Section 421 filings, protectionist medium of lawsuit retaliation, congressional attempt or threat of presidential power shift, and introduced congressional bills. Just as Polanyi suggested, society will move in protection of itself

through protective legislation, restrictive associations, and other instruments of intervention as its methods.[113]

These examples of declining policy and regulatory role of the state and internationalization of regulatory capacity seem like snug fits within the globalization schema. The effects and reactions seem most readily identifiable within the manufacturing and labor sector due to its organization in unions. Likewise, the results seem to have been a focusing of political protectionism or state reinforcement attention on the trade deficit, manufacturing flight, and unemployment that metastasized against the Chinese Yuan.

As the United States and Chinese markets have become more integrated, money, jobs, and product flows have rushed between the two countries, each filling the void in the other like the release of water from a dam. However, as with water levels, these flows between countries will most likely come to rest in the middle over time. The pressures created by these changes and the responses to those pressures give rise to the question, will the U.S. re-dam the river and stop the flow of water? Or, if the flow is unstoppable is there harm in slowing the flow of water to a more acceptable societal rate?

[113] Polanyi, 138-139.

IV. GLOBALIZATION'S FACILITATION

> Advent of "hyper-modernity": the acceleration and intensification of various ties and transactions. Rapid dissemination of information, and the ease of direct personal communication strengthen ties among tribal, familial, and ethnic groups scattered among several continents, deepen bonds among people working in business, government, and policy, and contribute to the growth of a transnational civil society. Physical distances shrink before these technologies and time speeds up, leading to a restructuring of political, social, economic, and cultural boundaries and institutions that makes them more fluid, open, and interconnected.[114]

In today's new age of technological advancements and hyper modernity, the idea disseminating and mobilizing effects of mass media seem expedited when juxtaposed to classical forms of mediums. Mediums like the telegraph have been replaced by the telephone. Cell phones, internet phones, and Blackberry type devices are supplementing and to a small extent replacing telephones. Newspapers and news television have included the internet as part of their repertoire of news delivery. The steady march of technology in America's fast paced society has allowed for and possibly demanded the advent of quicker and speedier forms of communication in order to rapidly disseminate ideas and facilitate collaboration at a much lower cost as compared to past mediums and can be expressed as hyper-modernity.

To say that technology is driving hyper-modernity or vice versa would be a difficult task to prove. However, to

[114] Goodhart, 527-546, 530.

say both have facilitated, eased, or even possibly accelerated the focusing of social pressure or mobilization of the manufacturing and labor sector on the Chinese Yuan issue may be somewhat less tedious. The following argument is that technology seems to be reducing the communication barriers of time, space, same place/same time (SPST),[115] and costs and by doing so has facilitated or accelerated the ability to mobilize people around ideas more quickly than in the pre-information age. In this case, the organizations of NAM and MAPI extensively used technology for intra-organizational communications, information dissemination, and collaboration in order to mobilize support and influence perceptions of the USCC on the Chinese Yuan issue of revaluation. Specifically, technology allowed mobilization to be more efficient or quicker, more precise, and resulted in more collaboration than would have been possible in cases before the advent of the internet, cell phones, e-mail, and web pages.

A. COMMUNICATION AND TECHNOLOGY

> Mass communication defines democracy and helps mold the social character of the modern individual as a predictable, if not anticipated, participant in the discourse of a capitalist society. Institutions of mass communication – since their earliest incarnation in Western

[115] Same place and same time (SPST) is a separate obstacle to overcome separate from space. It is a timing obstacle or coordination problem between the sender and receiver that lies outside of the simple space issue.

> civilization – are the defining *channels* of the cultural, political, and economic discourse of society.[116]

Communication barriers exist throughout U.S. society. They take many forms such as language, attitudes, prejudices, time, space, SPST, and costs. The list of barriers is almost endless. Time as a barrier can be conceptualized not as a wall that prevents communication but an impediment that stretches out the process of communication, exchange of ideas, or collaboration. Or in other words, time is a barrier if a great deal of it passes between the sender's dispatches of ideas to the receiver's reception of ideas and if the exchange or coordination of ideas, collaboration, has a deadline. On the other hand, space as a barrier can be conceptualized as the physical distance between the sender and the receiver.

Time and space have played a somewhat proportionate give and take role before the advent of the telegraph and telephone. For example, a face-to-face meeting between two parties tended to bring the time and space barriers to a minimum. The receiver would almost receive the communication from the sender instantaneously (minimum time) because the distance between the two parties was at a minimum. However, if the two parties were separated by the Atlantic Ocean then time and space had significantly increased.

SPST is a separate amalgamation of time and space that tends to act independently as a barrier apart from the individual barriers acting alone. SPST is a type of

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[116] Hanno Hardt, *Myths for the Masses: An Essay on Mass Communication*, Blackwell Publishing Ltd., 2004), 1.

coordination barrier between the sender and receiver in that the sender must be at or near the same place at the same time as the receiver. For example, in face-to-face communications both must coordinate schedules, make arrangements for transportation, and show up at a specific place and time. Additionally, these prearranged meetings may only allow for the current situations to be discussed. Any new changes or developments between face-to-face meetings would have to be inked and mailed, a long process before the telegraph. Another SPST barrier can be visualized through a missed telephone call. The telephone tends to shrink time and space. However, if the receiver was not available to take the call then ideas fail to flow between the sender and receiver; therefore a coordination barrier existed.

Costs tend to act as a barrier in several ways. New technologies tend to be expensive; however, over time they tend to taper to a more affordable level. The initial costs of new technologies tend to limit access to the masses. Telephones, cell phones, and personal computers are great examples of how the expense of technologies has decreased over time. Additionally, service charges tend to follow the same pattern. This can be seen in the large expense of cell phone service ten years ago that has now decreased to almost the same cost as telephone services. Communication barriers are a dime a dozen. However, technology has decreased the barriers of time, space, distance, and SPST in significant ways.

In the case of NAM and MAPI these technologies seem to have allowed an efficient and more focused mobilization of support within each organization in order to mount a much

quicker response on behalf of social pressure. The argument that follows will look at some of the categories of political discourse and how each has been affected by some new technologies. Additionally, it will examine how NAM and MAPI have applied these technologies in order to increase the efficiencies of communications within their organizations.

According to Christopher Weare there are four categories of political communication, conversation, information aggregation, broadcast, and group dialogue, which can be graphically seen in Figure 4.[117] Of these categories, conversation, information aggregation, and broadcast can be identified within the political networks of the NAM and MAPI as significant conduits or channels of informational flow and have been affected by technological change.

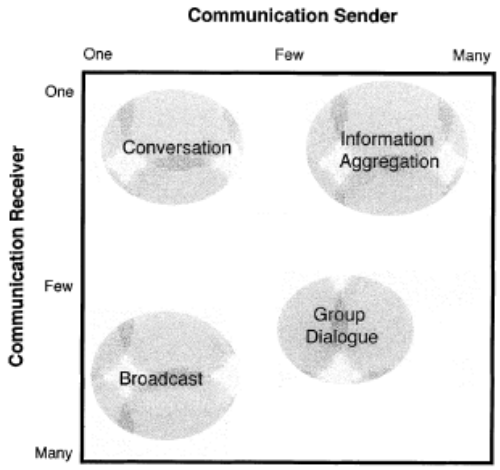

Figure 4. Political Communication

[117] Weare, 659-691,664-667.

Hence, these sections seek to demonstrate hypermodernity and technologic changes have worked to shrink the barriers of time, space, distance, and SPST and therefore allowed social dislocating pressure quicker perceptual influence on domestic leadership.

1. Conversational Transformation

Figure 4 graphically demonstrates the category of conversation in terms of one or few senders communicating with one or few receivers. Historical examples of conversation are face to face conversing and letter writing. Face to face conversation offers the added benefit or quality of body language over letter writing. However, face to face conversation is limited or handicapped by space and SPST. Face to face conversation is limited by space in that the sender and receiver must be as close to each other as their voices will carry. However, SPST is a coordination problem or hurdle in that the sender and receiver must be at or near the same space at the same time.

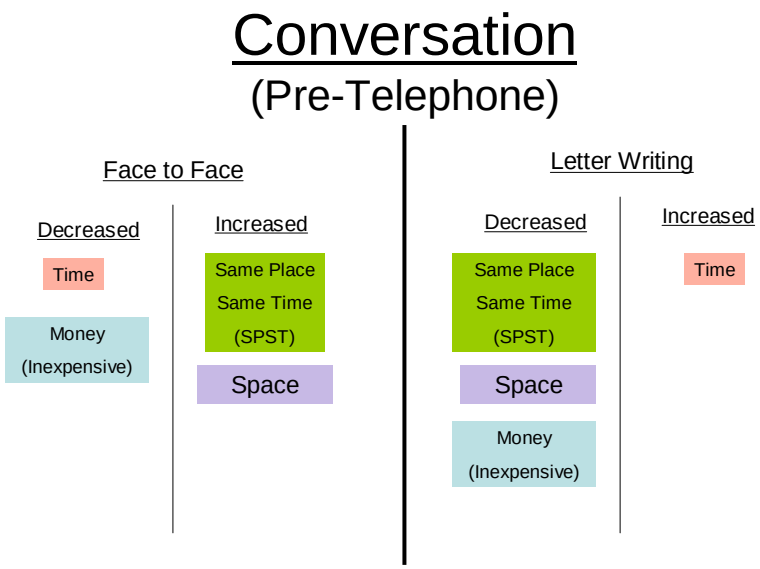

Figure 5. Conversation Pre-Telephone

Letter writing as seen in Figure 5 has the benefit of closing space and offsetting or overcoming SPST barriers. A letter is written by the sender and once received will sit and wait until the adequate time arises for a receiver to read it. The coordination of two people arranging busy schedules to meet at the same place at the same time, face to face, is eliminated. However, the drawback now becomes the loss of time or in other words the time to convey ideas is significantly increased by travel time through space. These barriers can be seen in Figure 5 as increasing or decreasing when moving from face to face conversation to letter writing.

The invention of the telephone added a great tool or medium to overcome space and time barriers. The telephone was able to decrease or shrink the time barrier as compared to letter writing and shrink space by allowing conversations over great distances. However, the telephone was still prone

to the SPST coordination problems between sender and receiver. Or in other words, the sender had to call the receiver at a specific number (place) and the receiver had to be near the telephone at that exact time.

The advent of the cell phone shifted communication barriers. Figure 6 demonstrates how technology began to move these communication barriers around.[118] Although, the relative costs of cell phones are inexpensive and continue to decrease, their costs are still relevant enough to warrant noting and can be seen in Figure 6 on the mid-way line moving to the decrease side. Additionally, SPST is on the line because cell phones have essentially removed the “place” in same place/same time, but the “time” is still a factor.

[118] This is not to say that there were not other forms of communication that could accomplish the same.

Conversation
(Post Cell Phone)

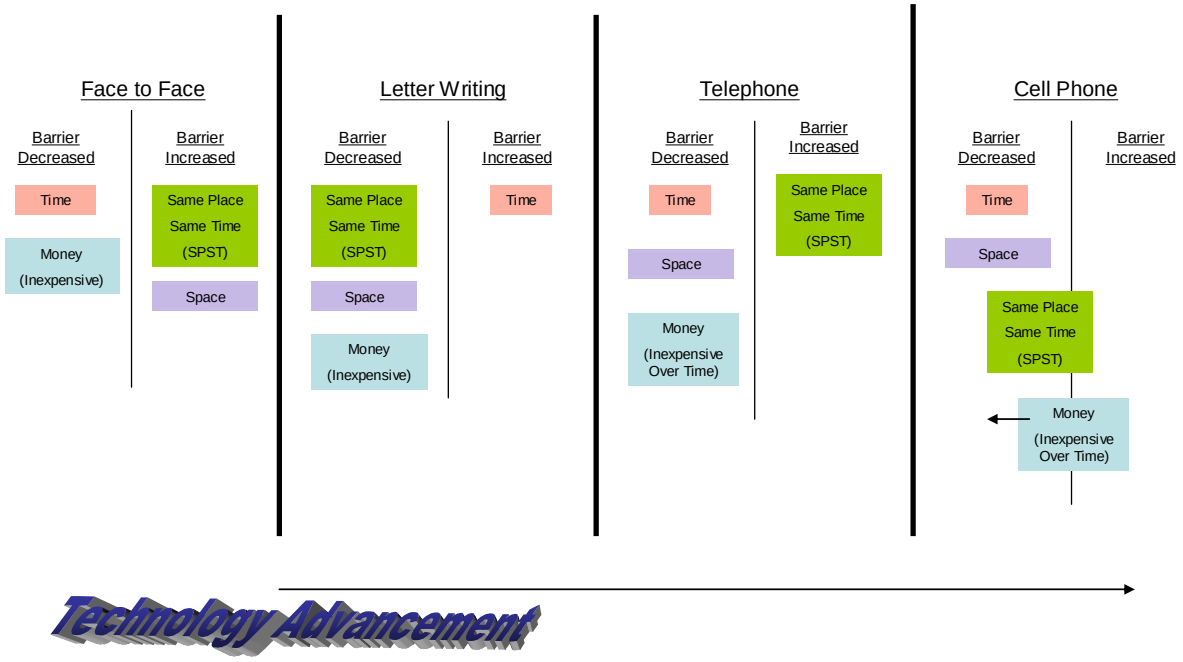

Figure 6. Conversation Post Cell Phone

However, the cell phone cannot fully discount time in the way a letter can wait to be read. Or in other words, if the sender calls the receiver while he or she is in a meeting that person may not take the call. Granted, voicemail could discount this barrier and can be seen in Figure 7 next to email.

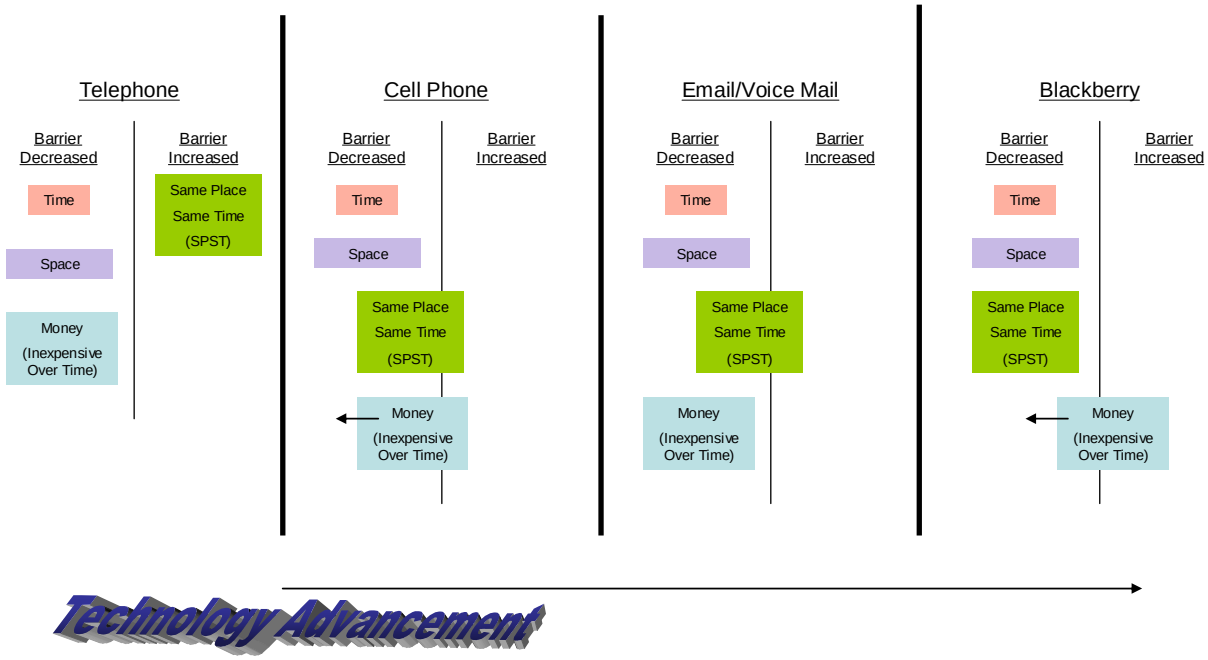

Figure 7. Conversation Post Blackberry

Finally the next step in technologic advancement brought into existence Blackberry type devices. These devices are cell phones combined with email capability. These tortuous devices bring connectivity and availability to a level of overkill. Although, relatively expensive as compared to the simple cell phones, these devices are in use by many top executives. The U.S. Air Force is issuing Blackberries at Vance AFB in Enid, OK, providing one for the wing commander, each squadron commander, and each operations

officer.[119] The Blackberry provides the chain of command, up and down, with almost 100 percent availability and almost complete elimination of SPST.

In summary, technology seems to be helping to decrease some of the individual communication barriers such as time, space, SPST, and expense. Conveying ideas via letter writing of the not so distant past has seen a dramatic reduction in time and space and a dramatic increase in availability between sender and receiver with the advent of the cell phone, email, voice mail, and Blackberry. Ideas that use to flow in days now flow in seconds. This may greatly enhance the collaboration effort between individuals on a given project within a specific time frame. Many more exchanges of ideas can flow between individuals with the aid of technology when time frames are limited. As such, the reduction in communication barriers or shrinking of time, space, SPST, and expense seems to fit snugly within Goodhart's definition of hyper-modernity and technology.

The role of hyper-modernity can be seen at play within the MAPI and NAM organizations as many of these electronic devices are used on a daily basis, especially within the organizational command or leaders. Over the last few years many of these organizations have come to rely on communication technology (ICT) for quicker and cheaper means of conversation, even when the organizations are somewhat self-contained within one location rather than dispersed

[119] The author was stationed at Vance AFB, Enid, OK, from 1998-2001, 2002-2006.

throughout the country. However, face-to-face communications continue to be utilized but tend to take a back seat to newer technologies.

MAPI's organization has a staff of approximately 40 people predominately residing in Arlington, Virginia. Staff meetings are generally conducted approximately once per quarter[120] and communications between meetings are conducted by a smattering of face-to-face meetings, telephone and cell phone calls, and emails.[121] Cell phones and email are utilized when employees are traveling away from their local area. Blackberry use is limited. However, MAPI's marketing and sales department utilizes these devices.

Intra-office communications within NAM is conducted in much the same manner as MAPI, generally by telephone, cell phones, email, Blackberries, and face-to-face meetings.[122] The NAM structure is somewhat different than MAPI's in that NAM is made up of a Board of Directors consisting of about 240 CEO's, and a smaller Executive Committee that may make decisions on behalf of the full Board when necessary. The Board of Directors and the Executive Committee meet at the same time twice a year with the Executive Committee meeting one additional time throughout the year.[123] When communication with the entire board is required between meetings, emails are primarily sent to members and sometimes hard copies. MAPI also sends out newsletters mostly via

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[120] Cam Mackey, *Manufacturers Alliance, Director, Marketing & GM Councils*, e-mail correspondence, September 4, 2007 (MAPI).

[121] Ibid.

[122] Hank Cox, National Association of Manufactures, Vice President, Communications & Media Relations, e-mail correspondence, July 26, 2007.

[123] Ibid.

email, although some members still prefer paper copies. Most communications with larger manufacturers is done via email. Other types of technology based communications used within MAPI's internal operations are phone conferences and to a lesser extent faxes.

2. Broadcast Transformation

Referring to Figure 4, broadcast communication can be visualized as one or few senders to many or mass receivers. The newspaper, television news, and radio are classic examples of media produced by the few and read by the many. However, one could argue that television and radio are a technologic advancement in mass communications. For purposes of this essay the two will be considered classic, although not outdated.

Broadcast barriers at first glance seem to be small. If examined from the information receiver view point the barriers are small. Broadcast communication barriers of SPST, the coordination barrier, seem to exist, however, limited. For example, the newspaper has limited SPST. The receiver must find and purchase a newspaper, not a difficult task in today's world with a convenience store on every corner. Additionally, the news can be heard almost at the top of every hour on the radio. With the grand selection of stations in urban areas one would be hard pressed not to find the news at any given moment. Cable television news can be seen almost 24 hours a day. Therefore, the SPST barrier, time, and space seem to be minimal from the receiver's viewpoint.

So, if the communication barriers discussed above seem to be at a minimum, then how has technology transformed mass communication? As in all complex questions in social science, the answers are many and never simple. As such, there seem to be two significant changes affecting this category of political communication. Broadcast communication does not seem to have experienced a transformation in the same sense or to the extent of conversational communication. However, it seems to have broadened and expanded rather than transformed.

The first expansion seems to be the dramatic cost reduction for individuals entering broadcast communications. Prior to the internet production of mass communication media tended to be rather expensive for individuals. Newspaper, radio, and television campaigns were generally reserved for organizations or the wealthy. The advent of the internet and the World Wide Web dramatically reduced broadcast entry costs for individuals and therefore expanded or allowed entry by virtually anyone with an internet connection. One example of cost savings has been MAPI's move in 2001-2002 away from printed material. Costs that were $400,000 per year are down to $15,000 per year.[124] Additionally, as the internet has become more affordable and accessible by most U.S. individuals classic mass media organizations have expanded their focus to include the internet. All of the major news firms have concurrent news web pages.[125] Today, through the internet, many individuals can afford to stand

[124] Mackey.

[125] See http://www.cnn.com. http://www.cbsnews.com. http://abcnews.go.com. http://www.washingtonpost.com. http://www.nytimes.com (accessed November 1, 2007).

on a soapbox and be heard by the world, limited only by the receiver's internet access and the sender's message. In a sense the playing field has been leveled[126] and the relative power advantage between large organizations and individuals to access large bodies of people has shrunken. Therefore, individuals may be more empowered as Thomas Friedman claims,[127] at least in some aspects.

The next change or closest conception of transformation seems to be the merging or pairing of mass media with information aggregation. Figure 4 explains information aggregation in terms of the communication sender being many people or the mass sending messages to one or several people, bottom up communication. For example, in the United States one form of information aggregation takes place every election when votes are cast, counted, and the results are announced. "The many" are communicating to "the few" or one. Weare explains information aggregation as the collection, analysis, summarization, and transmission of information from groups to individuals of agencies."[128] Classic mass media has only been unidirectional. Or in other words, the newspaper, television, and radio are efficient at getting messages to the masses; however, they do not get information back from the masses.

With the advent of the internet information aggregation has become much more simplistic and less expensive. The

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[126] Michael Gurstein, ed., *Community Informatics: Enabling Communities with Information and Communications Technologies* (Hershey, PA: Idea Group Publishing, 2000), 74.

[127] Thomas L. Friedman, *The World is Flat: A Brief History of the Twenty-First Century* (United States of America: Farrar, Staus and Giroux, 2006), 593, 11.

internet can allow for a quick response collection to broadcast communication. The analysis and summarization may take a bit longer. However, if websites are set up with a pre-intent to collect, analyze, and summarize data information aggregation can be almost instantaneous. Another unique advantage websites garner over traditional television and radio is the ability to know exactly how many people have accessed the information. This is done through web counters. Additionally, if a website has a downloadable file, a Word document for example, then the number of times that information is downloaded is measurable. For example, NAM provides approximately 7000 Podcasts of its weekly radio show to its membership. One other example of combined mass communication and information aggregation are e-mail list servers. These are lists of e-mail addresses grouped under a single interest. For example, a person might send an e-mail to a membership list of his Corvette club to determine if the group wants to participate in a rally on a specific date. The list server is a list of these e-mail addresses in which the sender clicks the group name and the receivers e-mail addresses are placed in the “to” box of the e-mail program (mass communication). Information aggregation occurs when the receivers open, read, and reply to the e-mail and they pass back information such as availability or make suggestions. Not only can the receiver respond directly to the sender, he may respond to the entire group by hitting the “reply all” button. Oliver Froehling identified these practices in the uprising in Chiapas, Mexico in 1994. He writes that academics were initially utilizing the internet

[128] Weare, 659-691, 665.

to provide background and conflict information on the rebels, the Zapatistas. As the revolt continued and appeared to be heading towards a blood bath, list servers and bulletin boards began to appear.[129] In the end the internet helped to prevent the revolting citizens from being militarily annihilated.[130] It allowed information to be simultaneously everywhere[131] rallying support from inside and outside of the Mexican border.[132] Without the internet, the massiveness of the international and national response may have never arrived in such force and in such a timely manner.

By examining Figure 8,[133] it would appear that e-mail is strictly one-way communications. However, by choosing to reply to an e-mail a person enters into dialogue therefore becoming two-way. Additionally, many web sites provide an opportunity to respond to the one-way broadcast nature of the World Wide Web media and therefore become two-way communications, dialogue, in the form of e-mail. Granted, the chances of a dialogue between the web site and sender stand some chance of failure dependant upon the nature, attitudes, and demeanor of the sender and receiver. Additionally, the volume of responses to the web site can

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[129] Oliver Froehling, "The Cyberspace "War of Ink and Internet" in Chiapas, Mexico," *Geographical Review* 87, no. 2, Cyberspace and Geographical Space (April 1997), 291-307, http://links.jstor.org/sici?sici=0016-7428%28199704%2987%3A2%3C291%3ATC%22OIA%3E2.0.CO%3B2-O, 296 (accessed August 17, 2007).

[130] Ibid., 296.

[131] Ibid., 297.

[132] Ibid., 298.

[133] Jessica Lipnack and Jeffrey Stamps, *Virtual Teams: People Working Across Boundaries with Technology*, Second ed., (Wiley, 2000), 199.

limit dialogue. However, information aggregation can take place. Of special note on the top of Figure 8 are the Communication Speed and Variety lines. These lines suggest that as technology progressed and progresses that speed and variety will continue to increase. If hypermodernity and technology is facilitating social pressure then the speed at which social pressure rises or the speed to mobilize might follow this line as well.

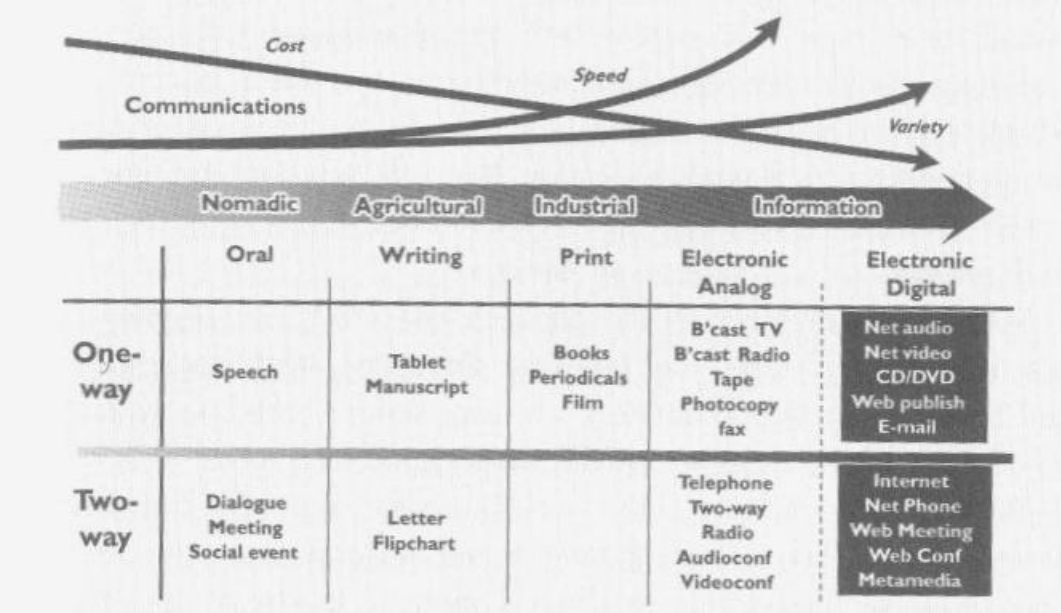

Figure 8. Communication Media Palette

Putnam suggests that the internet acts predominately as an information supplement for the news media.[134] However, in the case of MAPI and NAM the internet has become the significant disseminator of information. Many aspects of technology and categories of communications are readily identifiable within the structures of NAM and MAPI. The

[134] Robert D. Putnam, *Bowling* Alone, Simon and Schuster Paperbacks, 2000), 221.

NAM's mass communication is sent via web pages, internet newsletters, Podcasts, press releases, press briefings, television, and radio shows.[135] On the other hand, MAPI moved away from hard copy mail in 2001 and predominantly depends on electronic media, e-mail and web content to disseminate information.[136] According to Cam Mackey of MAPI, they send out over 95% of their mass content to members via email, including all of their work on the Chinese Yuan in 2003.[137] Although NAM continues to utilize the one-way mass media of television, radio, and newsprint it has expanded to include the use of the internet.[138] According to Hank Cox of NAM, leading up to the USCC hearings in 2003 dissemination and aggregation of information and communications with membership was dominated by internet communications.[139]

3. Conclusion

Technology and hyper-modernity seem to work together decreasing the communication barriers of time, space, costs, and SPST. They have done so by increasing the speed and variety of communications and decreasing costs of communication. The increased speed has allowed the rate or exchange of communication to increase which allows more

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[135] Hank Cox, *National Association of Manufactures, Vice President, Communications & Media Relations,* e-mail correspondence, July 26, 2007.

[136] Cam Mackey, *Manufacturers Alliance, Director, Marketing & GM Councils,* e-mail correspondence, July 20, 2007, (MAPI).

[137] Cam Mackey, *Manufacturers Alliance, Director, Marketing & GM Councils,* e-mail correspondence, September 4, 2007, (MAPI).

[138] Hank Cox, *National Association of Manufactures, Vice President, Communications & Media Relations*, e-mail correspondence, September 4, 2007.

[139] Ibid.

collaboration on projects encapsulated by fixed time frames or fixed dates. Or in other words, this added speed shrinks space and effectively speeds the communication process as well as multiplies the amount of collaboration processes relative to pre-information age technology. Within the NAM and MAPI leadership circles, the space shrinkage may have allowed for more intra-organizational communications and more collaboration before deadlines and may have allowed a more effective, more focused campaign than could have been possible before the information age.

Broadcast media such as newspapers, radio, and television still remain significant sources of information in today’s society. However, in the case of MAPI and NAM these organizations are depending on the internet more to disseminate their message and to motivate and be motivated by their members at a much faster and focused pace.

V. CONCLUSION

Michael Goodhart provides a roadmap of key dynamics in his definition of globalization and those dynamics seem to be identifiable within the context of the 2003 USCC hearings, 2003-04 congressional bills, and administrative practices. These dynamics seem to have reacted within the domestic, liberalism, and state centric levels. Market integration, internationalization of regulatory capacity, and declining policy can be seen in Figures 1 and 9 in orange with directional arrows acting on society and congress. However, these two dynamics seem to be interlinked through the administration and its neo-liberal ethos. Hyper-modernity and technology seem to be somewhat neutral in motivation, although, act to speed up, facilitate, or focus social pressure from the bottom to the top of society. The green areas and text in Figures 1 and 9 seem to capture the methods of societal defense suggested by Polanyi.

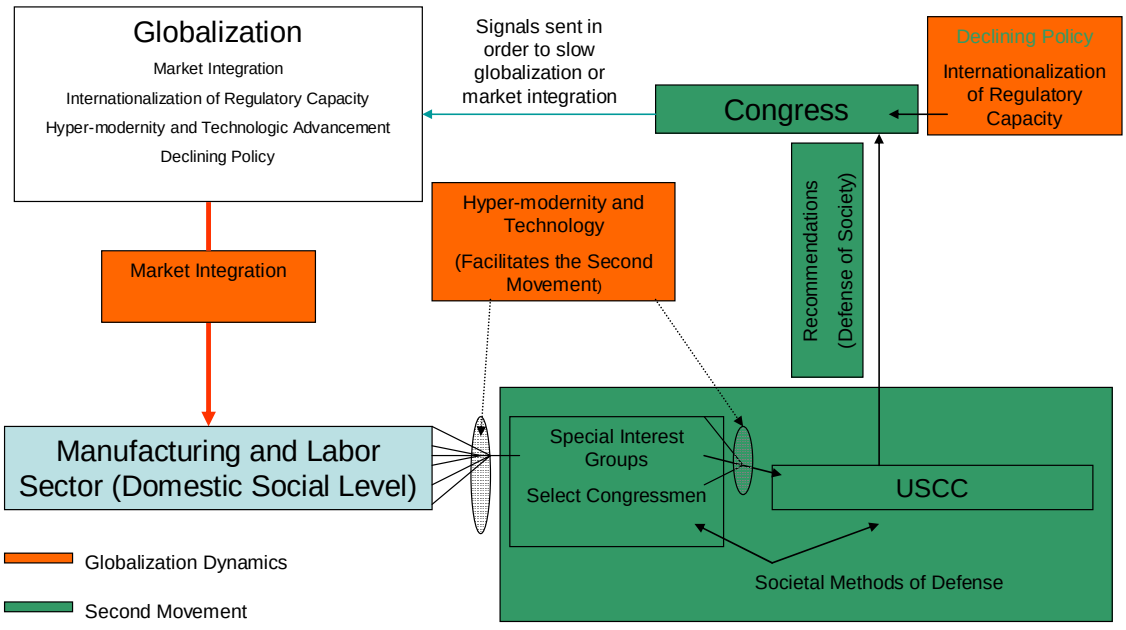

Figure 9. Globalization, Polanyi and the Yuan

Market integration and the resulting U.S. dislocations, job loss, unemployment, manufacturing migration, and trade deficit seemed to have generated perceptions of pressure or movements within the manufacturing and labor sector for action or sector defense much in the same manner that Polanyi described in the Tudor and Industrial Revolutionary periods.

Additionally, perceptions of administrative inaction or actual administrative reluctance to enforce policy seem to suggest the administration's desire for the wheels of international organizations to unfurl a solution. As suggested here, internationalization of regulatory capacity

may increase as state policy decreases or as state policy is retracted depending on the administration's political agenda. The reverse may take place with a change of administration. Internationalization of regulatory capacity my decrease as policy options are reclaimed by the state or in other words, state reinforcement.

The second movement or defense of the manufacturing and labor sector seems to be entwined within Goodhart's declining policy and regulatory role of the state, internationalization of regulatory capacity, 2003 USCC recommendations to Congress, and signals sent to China and the administration through introduced bills. The apparent give and take between declining policy and the administration's reliance on international regulatory capacity has garnered several attacks, specifically aimed at each of these dynamics. Reluctance of the President to interject under Section 421 landed a retaliatory lawsuit and a direct attack, threat, or signal on or to presidential power. As well, perceived administrative inaction may have added to the dynamics of the second movement as seen in congressional bills attempting to enforce or signal the need to enforce policy already written.

Finally, 2003 USCC recommendations were dominated by Chinese Yuan revaluation sway and seemed to suggest political bandwagoning. However, the job loss, manufacturing migration, unemployment, and large trade deficit statistical data seem to suggest true perceptions of social movements seen within special interest groups and numerous congressional bills.

Hyper-modernity and technology seem to be working to increase the speed and effectiveness of communication. Both can be seen in Figure 1 and 9 acting to focus and facilitate pressure. Additionally, this seems to be where this argument diverges from Polanyi's. The speed at which this pressure was facilitated or felt within the legislative arena serves to highlight two points. First, the rapid rise of pressure may serve to offset the long term or overall rate of dislocations by focusing attention sooner. Or in other words, the rapid rise of pressure may serve to alert leaders sooner rather than later of a problem or issue therefore allowing the opportunity to react and slow processes before excessive damage is done. However this also poses problems in light of the second point. The rapid rise of pressure may exceed the capabilities of the system to respond in a timely manner.

Finally, that brings back the original question, why was perceived pressure to revalue the Chinese Yuan so vigorously generated? Dislocations generated by the integration of Chinese and U.S. markets seemed to generate perceptions in SIGs and select congressmen instilling a somewhat sense of urgency for action. This argument is along the same lines as Polanyi's argument. However, the speed of the perception of pressure and the resulting reaction to that perception is the main point.

Why does speed matter? It matters in that the rise of political pressure and the time needed to adequately deal with particular situations may exceed the time available therefore leading to possible rash or reactionary policies. Longer term policies aimed at the manufacturing and labor

sector may aid in offsetting the pressures felt by SIGs and congressmen rather than short term policies that seem to attack globalization or attempt slow the rate of market integration.

If globalization continues to increase and manufacturing migration continues to follow suit, then it would be expected for U.S. manufacturing unemployment to rise even further paralleling the transformation of the Tudor, Industrial Revolution, and even the U.S. transformation away from an agrarian society. Therefore, it may be necessary to enact long term policies now in order to offset or ease future problems to help mitigate knee jerk reactive policy.

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